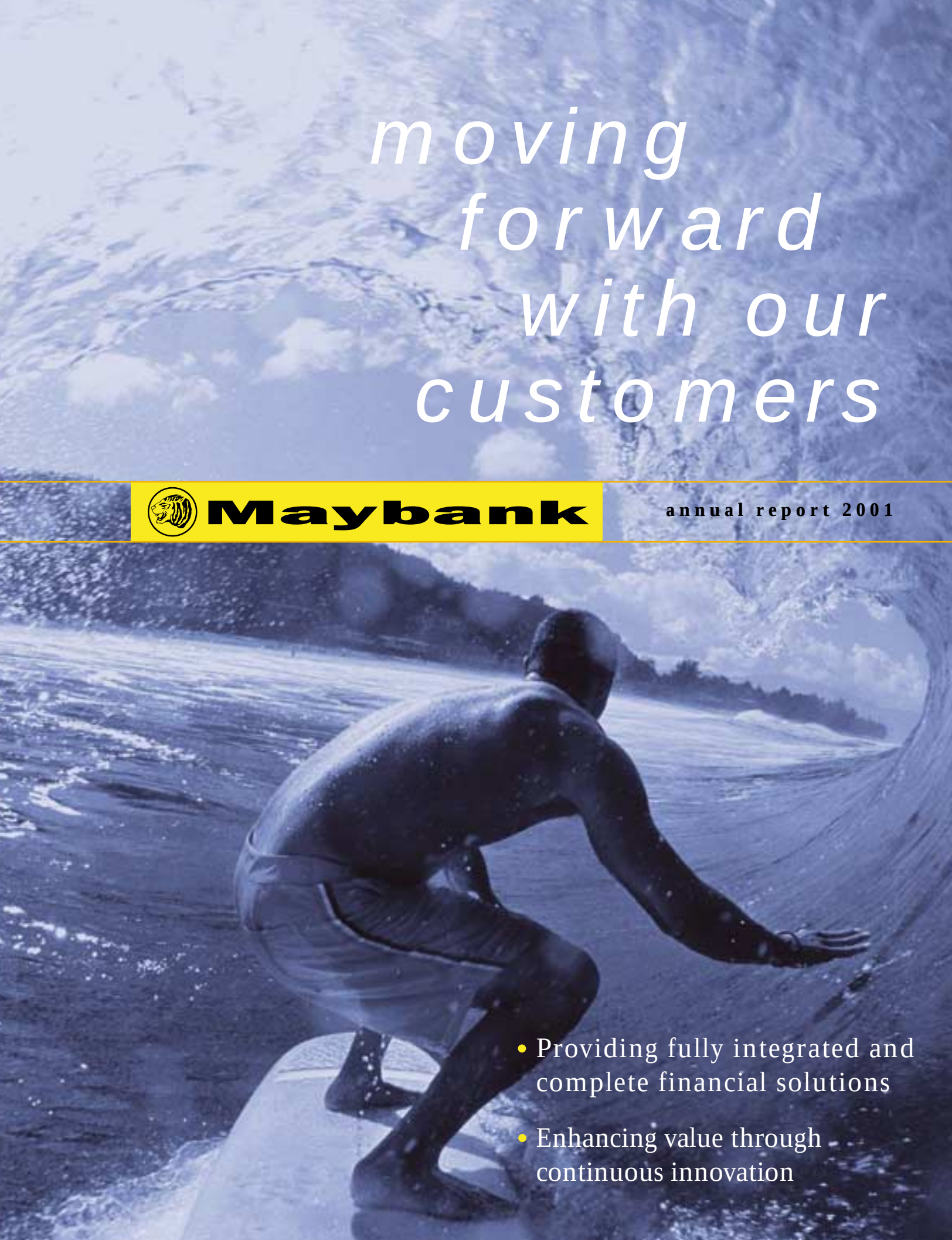
moving
forward
with our
customers
Maybank
annual report 2001
• Providing fully integrated and complete financial solutions
• Enhancing value through continuous innovation

I need someone
who'll be there
24 hours a day.

www.maybank2u.com

Life is moving faster than ever. You need a bank that's open day and night. That you can access from anywhere. That gives you a full range of financial services. Welcome to Maybank2u, your one-stop online financial portal. Check your balance, transfer funds, and pay the bills via the internet. You can even apply for a mortgage, organise an insurance policy, invest in stocks...all online.

Maybank 2u
making every moment count

The complexity of life pulls and pushes our customers onto different roads to meet their destiny. As a responsible organisation, Maybank recognises that to be a successful group, it has to understand the needs of the customers and to grow and develop together with them by providing the total integrated quality services they need, while preparing for tomorrow's journey together.

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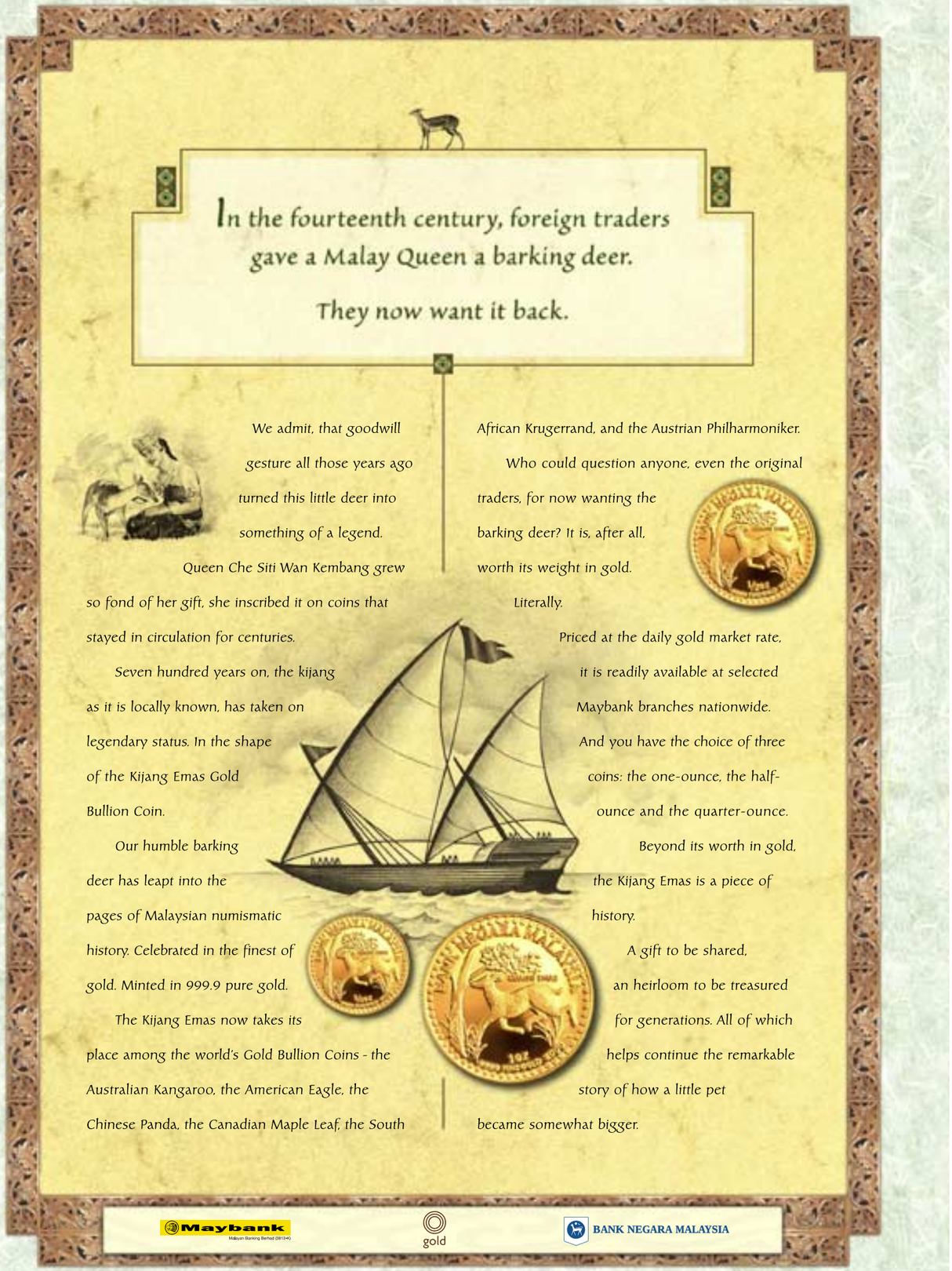
Mission

The leading provider of financial services meeting the different needs of our targeted customers through an efficient and integrated Group.



FINANCIAL HIGHLIGHTS

Results (RM Million)	The Group 2001	The Group 2000	The Bank 2001	The Bank 2000
Net interest income	**3,995**	3,797	**2,769**	2,563
Net income	**5,622**	5,251	**4,197**	3,509
Operating profit (before provisions)	**3,504**	3,657	**2,748**	2,394
Profit before taxation	**1,510**	2,137	**1,435**	1,544
Profit after taxation and minority interest	**840**	1,360	**901**	1,021
Dividends	**204**	304	**204**	304

Selected Balance Sheet Items (RM Million)	The Group 2001	The Group 2000	The Bank 2001	The Bank 2000
Cash and short-term funds	**12,648**	16,192	**10,449**	13,039
Dealing and investment securities	**22,526**	19,463	**13,762**	11,920
Loans and advances	**92,654**	79,178	**74,575**	61,004
Total assets	**140,897**	127,072	**111,473**	96,806
Deposits from customers	**96,485**	81,867	**77,394**	60,260
Total liabilities	**130,550**	116,446	**102,836**	88,053
Shareholders' funds	**10,040**	10,360	**8,638**	8,753
Commitments and contingencies	**77,865**	62,670	**67,911**	53,671

Capital Adequacy Ratios (%)	The Group 2001	The Group 2000	The Bank 2001	The Bank 2000
Core capital ratio	**9.17**	10.96	**10.03**	12.48
Risk-weighted capital ratio	**13.05**	15.21	**11.61**	14.60

Financial Ratios (%)	The Group 2001	The Group 2000	The Bank 2001	The Bank 2000
Net income per ordinary share (RM)	**2.39**	2.25	**1.78**	1.50
Net return on average shareholders' funds	**8.23**	13.89	**10.36**	12.26
Net return on average assets	**0.63**	1.11	**0.86**	1.11
Loans and advances to deposits	**96.03**	96.71	**96.36**	101.23

Share Information	The Group 2001	The Group 2000	The Bank 2001	The Bank 2000
Number of ordinary shares in issue ('000)	**2,352,225**	2,337,975	**2,352,225**	2,337,975
Earnings per share*				
- Basic	**35.8 sen**	58.4 sen	**38.4 sen**	43.8 sen
- Fully diluted	**35.4 sen**	57.4 sen	**38.0 sen**	43.1 sen
Dividend rate	**12.00%**	18.00%	**12.00%**	18.00%
Dividend cover	**4.12**	4.47	**4.42**	3.36

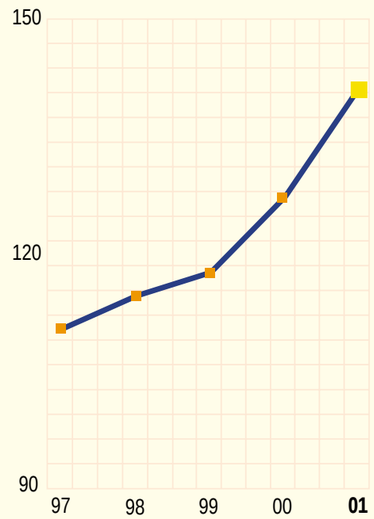
** Computed in accordance with MASB Standard 13*

5 YEAR GROUP FINANCIAL SUMMARY

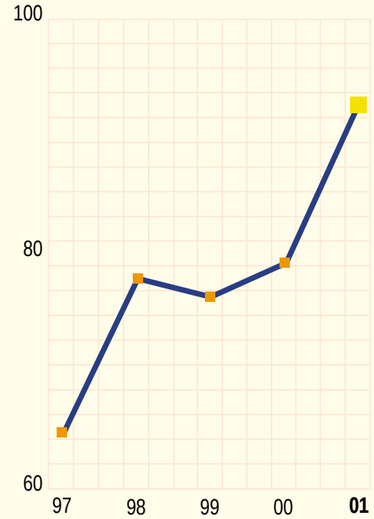
(RM Million)	**2001**	2000	1999	1998	1997
Results					
Operating profit (before provisions)	**3,504**	3,657	3,283	3,460	2,868
Profit before taxation	**1,510**	2,137	1,011	553	3,865
Profit after taxation and minority interest	**840**	1,360	970	130	2,981
Assets					
Total assets	**140,897**	127,072	117,479	114,514	110,438
Loans and advances	**92,654**	79,178	76,301	77,852	64,742
Liabilities and Shareholders' Funds					
Deposits from customers	**96,485**	81,867	77,551	70,025	65,101
Paid-up share capital	**2,352**	2,338	2,308	2,286	1,143
Shareholders' funds	**10,040**	10,360	9,217	8,407	8,273

	2001	2000	1999	1998	1997
Financial ratios (%)					
Net return on average shareholders' funds	**8.23**	13.89	11.01	1.56	42.97
Net return on average assets	**0.63**	1.11	0.84	0.11	2.91
Loans and advances to deposits	**96.03**	96.71	93.39	111.18	99.45
Share Information					
Basic earnings per share	**36 sen*+**	58 sen*+	42 sen*+	6 sen*+	261 sen
Net tangible assets backing per share	**RM4.27***	RM 4.43*	RM 3.99*	RM 3.67*	RM 7.23
Dividend rate	**12.00%**	18.00%	12.00%	15.00%	24.00%
Dividend cover	**4.12**	4.47	4.87	1.05	15.53

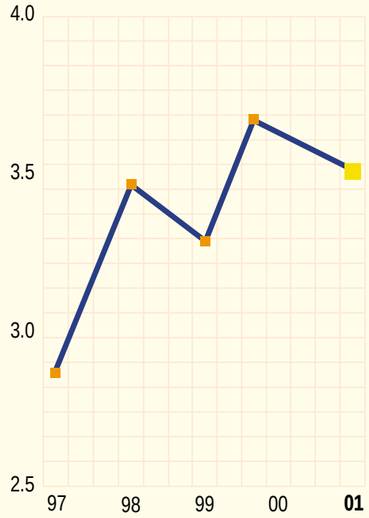
* based on enlarged capital after 1:1 bonus issue in 1998
\+ computed in accordance with MASB Standard 13



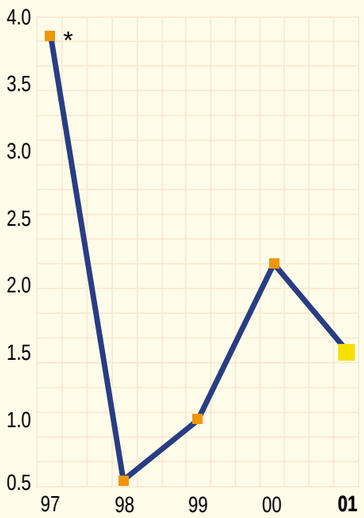
Total Assets
(RM Billion)



Loans
(RM Billion)

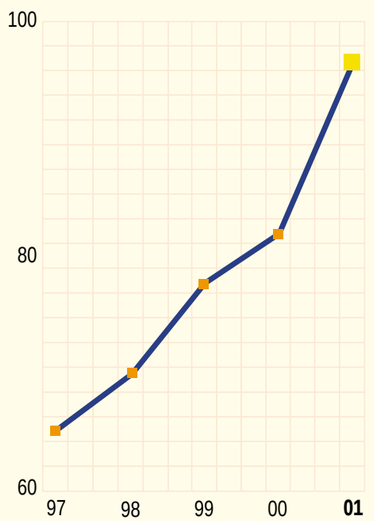


Operating Profit (before provisions)
(RM Billion)

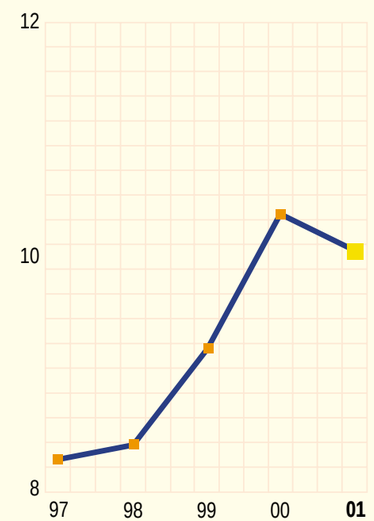


Profit Before Taxation
(RM Billion)

* Including the gain on disposal of Kwong Yik Bank

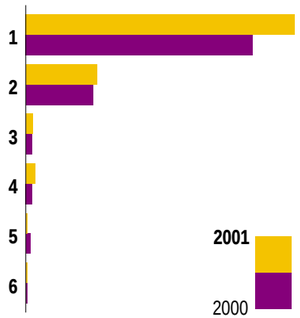


Deposits
(RM Billion)



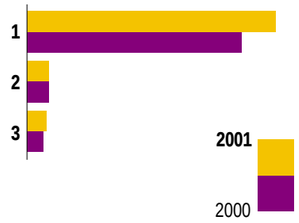
Shareholders' Funds
(RM Billion)

SEGMENT INFORMATION



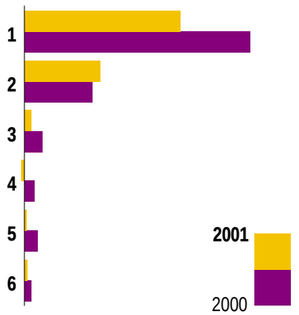
Analysis By Activity

	Operating Revenue (RM'000)	2001	2000
1	Commercial and Merchant Banking	**7,559,317**	6,379,198
2	Finance Company, Leasing and Factoring Operations	**1,977,850**	1,885,943
3	Discount House	**193,980**	165,512
4	Insurance	**256,711**	183,386
5	Stocks and Futures Broking	**41,636**	132,511
6	Others	**43,551**	42,340

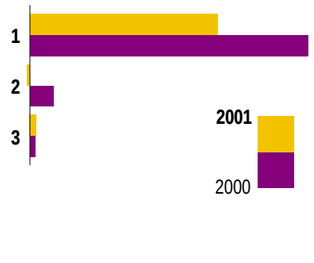


Analysis By Geographical Location

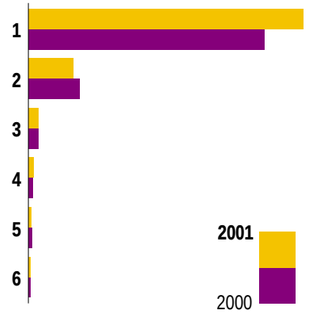
	Operating Revenue (RM'000)	2001	2000
1	Malaysia	**8,680,478**	7,472,693
2	Singapore	**737,787**	758,111
3	Other Locations	**654,780**	558,086



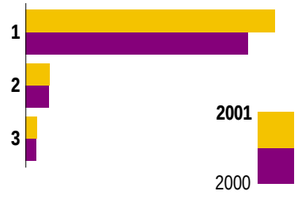
	Profit Before Taxation (RM'000)	2001	2000
1	Commercial and Merchant Banking	**979,275**	1,415,497
2	Finance Company, Leasing and Factoring Operations	**477,263**	426,029
3	Discount House	**39,915**	110,615
4	Insurance	**(5,770)**	60,103
5	Stocks and Futures Broking	**1,722**	81,807
6	Others	**17,547**	43,437



	Profit Before Taxation (RM'000)	2001	2000
1	Malaysia	**1,481,101**	1,937,165
2	Singapore	**(16,930)**	163,050
3	Other Locations	**45,781**	37,273



	Assets Employed (RM'000)	2001	2000
1	Commercial and Merchant Banking	**115,741,300**	99,404,847
2	Finance Company, Leasing and Factoring Operations	**18,967,637**	21,596,377
3	Discount House and Factoring Operations	**4,200,650**	4,029,151
4	Insurance	**1,341,031**	1,138,875
5	Stocks and Futures Broking	**200,895**	538,961
6	Others	**445,778**	363,890



	Asset Employed (RM'000)	2001	2000
1	Malaysia	**123,635,692**	110,335,379
2	Singapore	**11,658,582**	11,485,006
3	Other Locations	**5,603,017**	5,251,716

Maybank Awards

2001

Euromoney Award for Excellence - *Best Bank In Malaysia*

The Asset Asian Awards - *Best Malaysian Bank*

Investor Relations Magazine Asia 2001 Awards

- *Best Investor Relations By A Malaysian Company*

2000
- Euromoney Award for Excellence - Best Domestic Bank in Malaysia
- The Banker Award for "Bank of the Year" in Malaysia

1999
- Global Finance Award for Best Domestic Bank in Malaysia

1998
- Finance Asia Award for Best Domestic Commercial Bank
- Asiamoney Award for being voted one of the Best Managed Companies in Malaysia

1997
- Asian Banking Digest Award - Winner for outstanding progress in regional expansion
- Asiamoney Award for the Best Managed Company in Malaysia
- Asiamoney Award for the Best Bank in Currencies in Malaysia
- Asiamoney Award for Malaysia's Commercial Bank of the Year

1996
- Euromoney Award for Excellence - Best Domestic Bank in Malaysia for increasing profitability and a healthy return on equity
- Asiamoney Award for being voted one of the Best Managed Companies in Malaysia

1995
- Euromoney Award for Excellence - Best Domestic Bank in Malaysia for its impressive return on equity
- Asian Institute of Management Awards for "General Management"

1993
- Euromoney Award for Excellence - Best Bank in Malaysia for its impressive profitability and innovation

1992
- Asian Institute of Management Award for "Information Technology Management "

1991
- "IT Organisation of the Year" from Association of the Computer Industry Malaysia (PIKOM)

Best Bank In Malaysia 2001

EUROMONEY AWARDS FOR EXCELLENCE 2001

Recognition is a two-way street
"We recognised your needs" and
"You recognised our abilities"

Respect is a two-way street
"We respect your needs" and
"You respect our abilities"

Maybank says "thank you" to our customers for their recognition and respect because Maybank recognises and respects our customers.

Maybank

Malayan Banking Berhad (3813-K)

Corporate Information & Board Of Directors

Maybank
(Incorporated in Malaysia in 1960)

Registered Office
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Telephone: (6)03 2070 8833
Telex: MA 30438
Facsimile: (6)03 2070 2611
Cable: MAYBANK
SWIFT: MBBEMYKLA
Website: http://www.maybank2u.com
e-mail: publicaffairs@maybank.com.my

Registrar
Maybank
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Listed On
The Kuala Lumpur Stock Exchange
Main Board on 17 February, 1962

Company Secretary
Datin Shafni Ahmad Ramli
28, Jalan SS 3/80
Ladang Seaport
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Auditors
Messrs Arthur Andersen & Co
Public Accountants

Chairman
Tan Sri Mohamed Basir bin Ahmad
P.S.M., J.S.M., D.P.C.M.

Vice Chairman
Dato' Richard Ho Ung Hun
D.P.M.P.

Managing Director
Datuk Amirsham A Aziz
P.J.N.

Executive Director
Dato' Ismail Shahudin
D.P.C.M., P.M.P.

Executive Director
Dato' Mohammed Hussein
D.J.M.K. (Appointed on November 1, 2000)

Member
Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali
P.J.K., P.P.T., K.M.N., S.M.P., J.M.N., D.P.S.K., D.I.M.P., D.P.J., P.S.M., S.J.J.

Member
Mohammad bin Abdullah

Member
Dato' Mohd Hilmey bin Mohd Taib
S.M.P., D.I.M.P.

Member
Haji Mohd Hashir bin Haji Abdullah
J.M.N., S.M.S., P.P.T.

Member
Teh Soon Poh

Member
Datuk Abdul Rahman bin Mohd Ramli
P.J.N.

Profiles Of Directors

Tan Sri Mohamed Basir bin Ahmad *(63 years of age - Malaysian)*

B.A., AMP (Harvard)

Non-Executive Director. He worked with Bank Negara Malaysia from 1965 and retired in 1993 as Adviser. He is a Fellow Member of the Malaysian Institute of Bankers since 1980.

Appointed as Chairman of Maybank on October 9, 1993 and also serves as Chairman of the Senior Appointments and Remuneration, Nomination, Finance and Establishment Committees.

Current directorships in public companies include Mayban Fortis Holdings Bhd (formerly known as Mayban Assurance Bhd), Mayban Life Assurance Bhd, Mayban General Assurance Bhd (formerly known as UMBC Insurans Bhd), Aseambankers Malaysia Bhd, Mayban Property Trust Management Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, Maybank (PNG) Ltd, PT Bank Maybank Indocorp (formerly known as PT BANK MAYBANK NUSA INTERNATIONAL), Maybank Philippines Incorporated, PhileoAllied Securities (Philippines) Incorporated and PhileoAllied Bank (Malaysia) Bhd.

Attended 19 out of the 21 Board Meetings held in the financial year. No family relationship with any Director and is a nominee of the major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Dato' Richard Ho Ung Hun *(74 years of age - Malaysian)*

Barrister at Law (Lincoln's Inn)

Independent Non-Executive Director. He was a Member of Parliament from 1969 to 1982. He was appointed as Deputy Minister of Road Transport in 1974 and was subsequently appointed as Deputy Minister of Finance in 1976. In 1978, he was appointed as Minister without Portfolio in the Prime Minister's Department and subsequently as Minister of Labour and Manpower in the same year.

Appointed Vice Chairman of Maybank on January 27, 1983 and also serves as a Member of the Senior Appointments and Remuneration, Nomination, Finance and Establishment Committees.

Current directorships in public companies include Mayban Finance Bhd, Mayban Management Bhd, Aseamlease Bhd, Mayban Trustees Bhd, Aseambankers Malaysia Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, Anfin Bhd, DMIB Bhd and Pengurusan Danaharta Nasional Bhd.

Attended all of the 21 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank. Has a Tenancy Agreement with Maybank to rent a unit of four-storey shophouse to be used as branch premises. Has never been charged for any offence. ■

Datuk Amirsham A Aziz *(51 years of age - Malaysian)*

B.Econs (Hons), Member of MACPA

Managing Director. He joined the Maybank Group in 1977 and has worked in various capacities within the Group.

Appointed Managing Director of Maybank on May 1, 1994 and also serves as a Member of the Nomination, Finance and Establishment Committees.

Current directorships in public companies include Mayban Finance Bhd, Aseambankers Malaysia Bhd, Mayban Fortis Holdings Bhd (formerly known as Mayban Assurance Bhd), Credit Guarantee Corporation Malaysia Bhd, Cagamas Bhd, Perbadanan Usahawan Nasional Bhd, AFC Merchant Bank Ltd, Asean Fund Ltd, and Asean Supreme Fund Ltd.

Attended 19 out of the 21 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali *(69 years of age - Malaysian)*

B.A (Hons), AMP (Harvard), D.Sc. (Hon), D.Econs (Hon)

Independent Non-Executive Director. He was the Group Chairman of Felda from May 1, 1979 to June 30, 2001.

Appointed a Director of Maybank on March 31, 1978 and also serves as a Member of the Senior Appointments and Remuneration and the Maybank Group Employee Share Option Scheme Committees.

Current directorships in public companies include Mayban Fortis Holdings Bhd (formerly known as Mayban Assurance Bhd), PT Bank Maybank Indocorp (formerly known as PT BANK MAYBANK NUSA INTERNATIONAL), Kuala Lumpur Kepong Bhd, Sime Darby Bhd, Batu Kawan Bhd, Cerebos Pacific Ltd and Yule Catto & Co plc.

Attended 19 out of the 21 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Mohammad bin Abdullah *(60 years of age - Malaysian)*

Member of MACPA, Member of MIA

Independent Non-Executive Director. He was the Chairman of Coopers & Lybrand Malaysia prior to his retirement in 1995.

Appointed a Director of Maybank on January 11, 1995 and also serves as a Member of the Audit, Senior Appointments and Remuneration, Nomination, Finance, Establishment and the Maybank Group Employee Share Option Scheme Committees.

Current directorships in public companies include Mayban Discount Bhd, Maybank (PNG) Ltd, Mayban Finance Bhd, Maybank International (L) Ltd, Anfin Bhd, Negara Properties (M) Bhd, Labuan Reinsurance (L) Ltd, Golden Hope Plantations Bhd, Malaysian National Reinsurance Bhd and The Malaysia Equity Fund Ltd.

Attended all of the 21 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Dato' Mohd Hilmey bin Mohd Taib *(48 years of age - Malaysian)*

MBA (UK), Member of MIA, Bachelor of Econs (Hons) Accounting, Diploma in Accounting

Non-Executive Director. He is currently the Executive Chairman of HeiTech Padu Bhd. Prior to this, he was the Group Chief Executive of Permodalan Nasional Bhd.

Appointed a Director of Maybank on March 27, 1995 and also serves as the Chairman of the Maybank Group Employee Share Option Scheme Committee and a Member of the Audit and Nomination Committees.

Current directorships in public companies include Maybank Philippines Incorporated and PhileoAllied Securities (Philippines) Incorporated.

Attended 19 out of the 21 Board Meetings held in the financial year. No family relationship with any Director and is a nominee of the major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Haji Mohd Hashir bin Haji Abdullah *(65 years of age - Malaysian)*

ACA (Aust), ACIS (UK), Member of MACPA, FBIM (UK), FCIT (UK), AMP (Harvard)

Independent Non-Executive Director. He was the General Manager of Kelang Port Authority prior to his retirement.

Appointed a Director of Maybank on November 7, 1996 and also serves as the Chairman of the Audit Committee and a Member of the Senior Appointments and Remuneration, Finance and Establishment Committees.

Current directorships in public companies include Mayban Fortis Holdings Bhd (formerly known as Mayban Assurance Bhd), Mayban Life Assurance Bhd, Mayban General Assurance Bhd (formerly known as UMBC Insurans Bhd), Mayban Finance Bhd, Mayban Management Bhd, Mayban Discount Bhd, Mayban Life International (Labuan) Ltd and MFSL Ltd.

Attended all of the 21 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Dato' Ismail Shahudin *(50 years of age - Malaysian)*

B. Econs (Hons)

Executive Director. Prior to joining Maybank in 1992 as General Manager, he was with Esso Malaysia Berhad, Citibank, the then United Asian Bank and Bank of Commerce.

Appointed Executive Director of Maybank on September 16, 1997 and also serves as a Member of the Finance and Establishment Committees.

Current directorships in public companies include Mayban General Assurance Bhd (formerly known as UMBC Insurans Bhd), Aseambankers Malaysia Bhd and Maybank Philippines Incorporated.

Attended 20 out of the 21 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence ■

Mr Teh Soon Poh *(65 years of age - Malaysian)*

Barrister at Law (Middle Temple)

Independent Non-Executive Director. He was the former General Manager of Credit Control Division of Maybank prior to his retirement in 1992.

Appointed as Director of Maybank on October 21, 1997 and also serves as a Member of the Audit, Finance and the Maybank Group Employee Share Option Scheme Committees.

Current directorships in public companies include Mayban Property Trust Management Bhd, Mayban Finance Bhd, Mayban Trustees Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, Anfin Bhd, Sifin Bhd (formerly known as SimeFinance Bhd), PhileoAllied Trustee Bhd and Aseambankers Malaysia Bhd.

Attended 20 out of the 21 Board Meetings held in the financial year. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Datuk Abdul Rahman bin Mohd Ramli *(62 years of age - Malaysian)*

ACA (Aust), Member of MACPA, Member of MIA

Non-Executive Director. He was the Group Chief Executive of Golden Hope Plantation Bhd prior to his retirement in 1999.

Appointed a Director of Maybank on November 17, 1999 and also serves as a Member of the Audit, Senior Appointments & Remuneration and Finance Committees.

Current directorships in public companies include Mayban Finance Bhd, Kuala Lumpur Kepong Bhd and The Store Corporation Bhd.

Attended all of the 21 Board Meetings held in the financial year. No family relationship with any Director and is a nominee of the major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Dato' Mohammed Hussein *(51 years of age - Malaysian)*

Bachelor of Commerce (Accounting)

Executive Director. He joined the Maybank Group in 1977 and has worked in various capacities within the Group.

Appointed Executive Director of Maybank on November 1, 2000 and also serves as a Member of the Finance Committee.

Current directorships in public companies include Mayban Discount Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, PT Bank Maybank Indocorp (formerly known as PT BANK MAYBANK NUSA INTERNATIONAL), PhileoAllied Bank (Malaysia) Bhd, PhileoAllied Securities (Hongkong) Ltd and Malaysian Industrial Development Finance Bhd.

Attended all of the 14 Board Meetings held in the financial year upon his appointment in November 2000. No family relationship with any Director and/or major shareholder of Maybank. No conflict of interest with Maybank. Has never been charged for any offence. ■

Group Management & Management Team

Group Management

Managing Director
Datuk Amirsham A Aziz

Head, Corporate Services/ Support & Risk Management Group
Dato' Ismail Shahudin

Head, Banking Business Group
Dato' Mohammed Hussein

Head, Investment Banking And Asset Management Business Group
Md Agil Mohd Natt

Head, International Business Development
Spencer Lee Tien Chye

Group Financial Controller
Hooi Lai Hoong

Head, Insurance Business Group
Kassim Zakaria

Head, Finance Business Group
Dato' Wan Ismail Abdul Rahman

Management Team

Managing Director
Datuk Amirsham A Aziz

Executive Directors
Dato' Ismail Shahudin
Dato' Mohammed Hussein

Senior General Managers
Spencer Lee Tien Chye
(Singapore Operations)

Hooi Lai Hoong
(Finance & Treasury)

Ashraf Ali bin Abdul Kadir
(e-Banking)

General Managers
Choo Yee Kwan
(International Banking/ Group Remedial Management)

Abdul Aziz Peru Mohamed
(Consumer Banking)

Tong Hon Keong
(Information Systems)

Johar Che' Mat
(Enterprise Banking)

Zulkiflee Abbas Abdul Hamid
(Credit Control)

Mohd Zulkifli bin Itam
(Human Resource)

Dato' Abdul Manap bin Abd Wahab
(Branch Operations)

Assistant General Managers
Richard Chang Wah Choong
(Internal Audit)

Lee Hong Khim
(Corporate Support, Singapore)

Loh Oun Hean
(Banking Business, Singapore)

Mohd Naim Abdullah
(Enterprise Banking)

Ibrahim Hassan
(Group Market Risk)

Syed Mahadzir Syed Ismail
(Forex & Money Market)

Nik Nasir Majid
(Corporate Planning)

Tracy Ong Guat Kee
(Enterprise Banking)

Zulkifly bin Sulaiman
(Consumer Banking)

Terry Lim Cheng Chooi
(Enterprise Banking)

Leong Peng Kei
(Property Administration & Purchase)

Lee Khee Joo @ Lee Ying Chong
(Special Project)

Statement On Corporate Governance

- **Managing with professionalism, accountability and integrity**
- **Providing shareholders with information on a timely basis**
- **Building long-term shareholder value**

...The above are some of the elements of the Malaysian Code of Corporate Governance

The Malaysian Code of Corporate Governance was formalised in March 2000 and sets out the principles and best practices which companies should adopt to raise standards of corporate governance. This Code will be enforced from financial year ending after 30 June 2001.

As a leading public listed company in Malaysia, Maybank recognises the importance of corporate governance in all areas of its activities, and has adopted the above Code for implementation within the Group.

The Directors would like to state that as a Group, Maybank has always recognized the need for good corporate governance to build and enhance long-term shareholder value. The key principles, and most of the best practices, as set out in the Code, have been incorporated into the Bank's systems and processes, even long before the Code was promulgated. An indication of such a commitment is reflected in the establishment of the Senior Appointments and Remuneration Committee and Nomination Committee way back in 1995 and 1996 respectively.

Board Of Directors

Effective and independent

The cornerstone of Maybank's corporate governance is an independent, effective Board, that sets strategies and policies, as well as ensures proper conduct of business. These strategies are laid down in a medium term strategic plan and reviewed every year during annual budget exercises.

The current Board comprises three executive and eight non-executive Directors of which five are independent. The current Directors bring to the Board a diverse wealth of skills as well as knowledge in law, banking, accounting, economics, information technology and general management. Profiles of the Directors are published on pages 12-14.

Of the 11 Directors on the Board, three are nominees of Permodalan Nasional Berhad, which together with ASB and ASN hold controlling interest in the Bank. Notwithstanding this, given the overall size of the Board, no one group of Directors or individual member dominates the Board's discussion or decision making.

In discharging its fiduciary duty, the Board, is assisted by six Board Committees, each entrusted with specific tasks. The composition and responsibilities of the Board Committees are set out in page 19.

The appointments to the Board are recommended by the Nomination Committee, which is entrusted with the task of reviewing and recommending the appropriate mix of expertise and experience, and the appropriate balance between executive, non-executive and independent Directors. This Committee is also responsible for the nomination of Board members of subsidiary companies, and as part of their responsibilities, are guided by the principle that the chairman of these subsidiaries should always be a non-executive director.

The Nomination Committee is also responsible for recommending measures to upgrade the effectiveness of all Board members. The members of the Board (with the exception of the Managing Director) are required to offer themselves for re-election every three years in accordance with the provision of the Memorandum & Articles of Association as well as the KLSE Listing Requirement.

Regular continuing education programmes and seminars are organised for the Directors to keep them abreast of latest developments and advances in corporate governance. The full Maybank Board was also among the first batch of company Directors to undergo the KLSE accredited training programme as required under the Exchange's guidelines on training for Directors.

There is also a clear division of responsibilities between the Chairman and the Managing Director. The Chairman heads the Board and leads the planning discussion at the Board level, while the Managing Director is responsible for the implementation of the policies and the executive decision making.

All areas of risk management are constantly raised and discussed at the Board as well as the various Board Committees. The Audit Committee of the Board ensures compliance with disclosure requirements and accounting and audit policies overseeing all issues pertaining to operational risks. The Finance Committee considers all issues relating to credit, market and liquidity risks while the main Board oversees all risks, including legal and reputational risks. Plans are, however, in place to centralise all these functions under a Risk Management Committee of the Board.

Transparent procedures and supply of information

Board meetings are scheduled once every month to review the Group's operations, with additional meetings held every quarter to review and approve the quarterly and annual financial statements. During the year, another five meetings were specially convened to discuss urgent issues relating to

the Bank's merger exercise. All the Directors have complied with the minimum number of attendance at meetings as stipulated by Bank Negara Malaysia and the KLSE.

The Board meets four times a year in locations outside Kuala Lumpur to enable the Directors to update themselves on the Group's local operations as well as to meet with clients and local government officials to better understand their needs.

Board meetings are structured, with a pre-set agenda. Board papers providing updates on operational, financial and corporate developments are circulated prior to the meeting to give Directors time to deliberate on the issues to be raised at the meetings. Minutes of the Board Committees and the Group Management Committee are also tabled at the Board meetings for its information and deliberation. The Managing Director leads the presentation and provides explanation on the papers.

Outside the Board meetings, all Directors have direct access to the Senior Management and the services of the Company Secretary. In addition, the Directors are also empowered to seek external independent professional advice to enable them to make well-informed decisions.

Remuneration Of Directors

Maybank pays its Directors annual fees which were last revised in 1994 and approved by shareholders at the annual general meeting. In addition to this, Directors are paid a meeting allowance for each meeting they attend, which was last revised in 1999.

Currently the Nomination Committee is responsible for reviewing and recommending the fees for Directors. In setting the level of remuneration for Executive Directors, the Committee is guided by the need to 'attract and retain' and at the same time, link the rewards to corporate and individual performance.

The fees payable to the Directors of the Bank are included on pages 90-91 of the Financial Statement.

Dialogue With Shareholders

Maybank has always recognized the need to inform shareholders of all major developments of the Group on a timely basis. An investor relations programme which established direct channels of communication with shareholders and the investment community was launched in the early '90s. The Corporate Planning Division, with active involvement of key senior management personnel, including the Managing Director and Executive Directors, drives the programme.

The principal forum for dialogue with shareholders remains the Annual General Meeting, during which shareholders are encouraged to raise questions pertaining to the operations and financials of the Company with the Directors.

Apart from the mandatory public announcements through the Kuala Lumpur Stock Exchange for the Group's financial results and corporate developments, the Maybank Group has also set up a website, www.maybank2u.com, for timely dissemination of announcements to all stakeholders, and for feedback.

The Group organises briefings to analysts and fund managers in conjunction with the release of its interim and final results. In addition, it participates in various investor forums, both locally and abroad as well as organises other briefings and meetings with investors and fund managers to keep them abreast of the company's developments.

In recognition of Maybank's initiatives and efforts in this area, the Company was given an award for "Best Investor Relations by a Malaysian Company" in 2001 by the UK-based Investor Relations magazine.

Accountability And Audit

Financial reporting

The Board also takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects, each time it releases its quarterly and annual financial statements to shareholders. The Audit Committee of the Board assists by scrutinizing the information to be disclosed, to ensure accuracy and adequacy.

A Statement of Directors' Responsibility for the Audited Accounts is published separately on page 45.

Internal controls

The Board acknowledges its overall responsibility for the Group's system of internal control and the need to review its effectiveness regularly. In this connection, the Board also wishes to state that the system of internal controls is already in operation to provide assurance of effective and efficient operations covering financial operations and compliance.

The Board recognises that risks cannot be eliminated completely, as such, the systems and processes put in place would have to be aimed at minimizing and managing them. At this juncture, the Board is of the view that the system of internal controls that has been instituted throughout the Group is sound and sufficient to safeguard shareholder's investment and the company's assets. Notwithstanding this, on-going reviews are continuously carried out to ensure the effectiveness of the system.

Relationship with auditors

Through the Audit Committee of the Board, the Company has established transparent and appropriate relationship with the Company's auditors, both internal and external.

The external auditors attend all the meetings of the Committee. In addition, the Committee also meet the external auditors without the presence of the management at least once a year. ■

Board Committees

The Board

The Board has the overall responsibility of ensuring that the Company operates according to its declared objectives. In carrying out this responsibility, it is empowered to decide on all matters relating to the Company's business and to delegate these powers accordingly. It can appoint Board Committees and delegate any of its powers to these committees as it deems fit. The Board meets once a month.

The Audit Committee Of The Board (ACB)

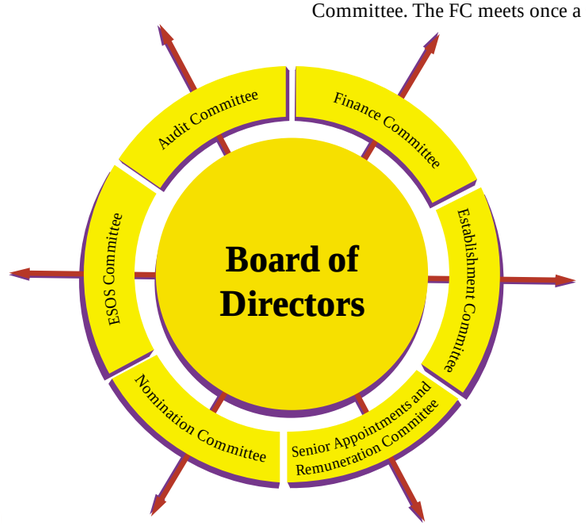
The ACB is appointed by the Board to assist it in discharging its duty of maintaining a sound system of internal controls to safeguard shareholders' investment and the company's assets. This includes reviewing the financial statements to ensure compliance with disclosure requirements and approved accounting standards in Malaysia as well as guidelines set by the Kuala Lumpur Stock Exchange and Bank Negara Malaysia. Detailed terms of reference and the activities of the ACB are provided in page 20.

Finance Committee (FC)

The Board has delegated to the FC numerous responsibilities and authorities, principally relating to credit and finance. These are to review and recommend the annual budget, and to make policy recommendations on credit matters and treasury operations. At the operational level the Committee has been empowered to approve credit facilities within limits, to monitor the Maybank Group's position on derivatives, to approve the operating guidelines and trading limits for money market trading operations and to approve the write-off of bad-debts within limits. Six non-executive directors of the Board, four of whom are independent, sit on the nine-member Committee. The FC meets once a week.

Maybank Group Employee Share Option Scheme (ESOS) Committee

The ESOS Committee oversees the implementation of the Maybank Group Employee Share Option Scheme in accordance with the approved Bye-Laws. The Committee informs the Board, from time to time, of the administration of the Scheme. All the four members of the Committee are non-executive directors with three of them being independent. The Committee meets at least twice a year.



Establishment Committee (EC)

The EC is empowered to set policies and procedures on human resources and employee matters, including staff promotions of certain levels and recommends policies on public relations. It is also responsible for approving capital expenditures and the disposal of capital assets. Sitting on this six-member Committee are four non-executive directors. The Committee meets once a fortnight or at least once a month.

Nomination Committee (NOMC)

The NOMC is entrusted with the specific task of recommending the appointment of Directors to the Board of Maybank and its subsidiaries, giving consideration to the appropriate mix of expertise and experience and the appropriate tenure. The NOMC also reviews the performance of the Directors who retire at the end of their respective terms. Where potential conflict of interests exists, the NOMC will recommend solutions to resolve these conflicts. This Committee also continually seeks ways to upgrade the effectiveness of the Board of Directors of Maybank and its subsidiaries.

Five members of the Board serve on this Committee, of which four are non-executive directors. The NOMC meets as and when required.

Senior Appointments And Remuneration Committee (SARC)

The SARC is responsible for the review and recommendation of general remuneration policies and practices of the Group. It is also empowered to recommend to the Board the appointment and promotion of senior management for the Group. It addition, it is to recommend to the Board, suitable short and long-term polices of having performance-related incentive schemes, as well as a programme for management development.

All six members of the Committee are non-executive directors. The Committee meets at least twice a year, or as and when requested by the Chairman.

Audit Committee Of The Board

The Board has appointed the Audit Committee to assist it in discharging its duties of maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

Size And Composition

For the financial year ended June 30, 2001, the Audit Committee comprised the following five non-executive directors, three of whom are independent directors:

Members

Chairman

Haji Mohd Hashir bin Haji Abdullah
(Independent Non-Executive Director)
ACA (Aust), ACIS (UK), Member of MACPA, FBIM (UK), FCIT (UK), AMP (Harvard)

Members

Mohammad bin Abdullah
(Independent Non-Executive Director)
Member of MACPA, Member of MIA

Teh Soon Poh
(Independent Non-Executive Director)
Barrister at Law, Middle Temple

Dato' Mohd Hilmey bin Mohd Taib
(Non-Executive Director)
MBA (UK), Member of MIA, Bachelor of Econs (Hons) Accounting, Diploma in Accounting

Datuk Abdul Rahman bin Mohd Ramli
(Non-Executive Director)
ACA (Aust), Member of MACPA, Member of MIA

Tenure Of Membership

The tenure of the Committee members is 3 years.

Authority

The Board has empowered the Committee to undertake the following:

1. Investigate any matter within its terms of reference.
2. Have the necessary resources required to perform its duties.
3. Have full and unrestricted access to any information and documents relevant to its activities.
4. Have direct communication channels with external auditors, person(s) carrying out the internal audit function or activity and with the senior management of the Bank and its subsidiaries.
5. Promptly report to the KLSE matters which result in a breach of the listing requirements.
6. Obtain external legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
7. Convene meetings with external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

Duties And Responsibilities

The duties and responsibilities of the Committee are to review, appraise and report to the Board of Directors on the following:

1. The scope of audit and audit plans of both the internal and external auditors.
2. The adequacy of the established policies, procedures and guidelines, operating and internal accounting controls and whether the internal auditor has the necessary authority to carry out their job.
3. The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditor.
4. The quarterly results and year-end financial statements focusing particularly on the changes in accounting policies, significant and unusual events as well as compliance with accounting standards and other legal requirements.
5. The effectiveness of internal control systems and the internal and/or external auditors' evaluation of these systems and in particular the external auditor's management letter and management's response.
6. Any related party transaction and conflict of interest situation that may arise within the Bank or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
7. The appointment of the external auditors and their audit fee.

Attendance at Meetings

During the financial year ended June 30, 2001, the Audit Committee held a total of 18 meetings, of which 14 were regular meetings while 4 were meetings to deliberate the quarterly and the year-end financial statements. The details of attendance of the Committee members are as follows:

Name Of Committee Member	No Of Meetings Attended
Haji Mohd Hashir bin Haji Abdullah	**18/18**
Mohammad bin Abdullah	**16/18**
Teh Soon Poh	**18/18**
Dato' Mohd Hilmey bin Mohd Taib	**12/18**
Datuk Abdul Rahman bin Mohd Ramli	**14/18**

The three executive directors, the Head of the Audit Division and the representatives of the external auditors, Messrs Arthur Andersen & Co., are invited to attend the Committee meetings. The Company Secretary, Datin Shafni Ahmad Ramli, is the secretary to the Audit Committee.

Activities

During the year in review, the following were the activities of the Audit Committee:

1. Reviewed the Annual Audit Plan for the year 2000/2001 to ensure adequate scope and coverage over the activities of the Group. This was reviewed together with the External Auditor.
2. A total of 306 internal audit reports on audit assignments were tabled and deliberated by the Committee. In addition, 31 adhoc audit reports and 69 investigation audit reports were also tabled. The ACB reviewed the Bank Negara Malaysia Examiners' reports and audit reports of other regulatory authorities such as the Federal Reserve Bank of the State of New York, Financial Services, Authority of United Kingdom and the Hong Kong Monetary Authority in respect of our branch operations in New York, London and Hong Kong.
3. Reviewed the minutes of the ACB of subsidiaries for an overview of their internal controls system.
4. Reviewed the staffing requirements of the Audit Division to ensure that the Audit Division is adequately staffed by employees with the relevant skills, knowledge and experience to enable the Audit Division to perform its role including the provision of training.
5. Provided independent evaluation of the performance and approval of the remuneration, increment, promotion, bonus and appointment of audit staff in accordance with the requirement of Garis Panduan 1 of Bank Negara Malaysia Guidelines.
6. Reviewed the Audit Division structure on a Group basis with a view to improve and enhance the effectiveness and efficiency in carrying out the internal audit function across the Group.
7. Reviewed and approved the shift in auditing focus from compliance based to the risk based audit approach. This included examining the methodology of the Risk Based Audit Approach, Audit Guidelines and Manual On Risk Based Auditing taking into view the global best practices and industry standards.
8. Evaluated the performance of external auditors and made recommendations to the Board on their appointment, scope of work and audit fees.
9. Reviewed the financial statements and ensured that the financial reporting and disclosure requirements of relevant authorities had been complied with.

Internal Audit Function

The Board/Audit Committee of the Board is assisted by the Internal Audit Division in maintaining a sound system of internal controls.

The Internal Audit Division undertakes internal audit functions of the Bank based on the audit plan that is reviewed by the Audit Committee and approved by the Board. The audit plan covers review of adequacy of risk management, operational controls, compliance with law and regulations, quality of assets, management efficiency and level of customer services amongst others. These reviews are now shifted to a risk-based approach rather than solely compliance.

The internal auditing function is conducted on a Group basis to ensure consistency in the control environment and the application of policies and procedures. This includes common platforms for addressing generic issues which run across the Group, namely related to information technology risk, market risk and credit risk, amongst others.

A systematic and disciplined approach is adopted to provide the required assurance to stakeholders, and also to add value and improve the Group's operations by providing independent, objective assurance and consulting activities. These are designed to evaluate and enhance risk management, control and governance processes to assist Management to achieve its corporate goals.

The internal audit reports prepared by the Division are deliberated by the Audit Committee of the Board and recommendations are duly acted upon by the Management.

Going forward, the Division will further enhance its risk-based auditing techniques, enhance the level of staff expertise and benchmark itself against global best practices in internal auditing. ■

To Our Shareholders

The financial year ended 30 June, 2001 was an eventful 12 months, marked by the completion of the merger of four financial institutions into the Group as well as a strategic alliance with Fortis International NV.

The challenging business environment emanating from the deceleration in the global economy, however, affected the overall performance of the Group.

Tan Sri Mohamed Basir bin Ahmad

Financial Performance

Despite the sluggish conditions, total income of the Group rose to RM5.59 billion from RM5.25 billion previously. However, higher overhead expenses and loan loss and provisions brought the Group's pre-tax profit to RM1.51 billion which was 29% lower than the previous year.

As expected, expenses relating to our mergers and acquisitions as well as the conclusion of four collective agreements during the year contributed to higher overhead costs. Some of these were one-off costs. We, however, expect cost savings in the rationalisation exercise following our mergers, to be realised in the coming years.

The increase in loan loss and provisions during the year was due to the deterioration in the asset quality of the Group's loan portfolio as well as the re-alignment of accounting policies on classification of non-performing loans (NPL) and treatment of collateral value for provisioning purposes of the mergee banks. The weaker stockmarket also necessitated additional provisions to be made arising from the decline in collateral values.

Mayban Finance continued to record a sterling performance, showing a 21% rise in pre-tax profit to RM504 million. Its net interest income increased to RM1.2 billion from RM1.07 billion previously. The result was also aided by lower loan loss and provisions amounting to RM374.4 million compared to RM519.8 million previously. After taxation and zakat of RM204 million, net profit for Mayban Finance amounted to RM300 million.

During the year, the operations of Mayban Factoring, Aseamlease and Sime Finance Berhad were consolidated with that of Mayban Finance.

Our investment banking group had an extremely challenging year. Aseambankers Malaysia Berhad reported a net loss of RM151.5 million on the back of lower revenues and higher loan loss and provisions.

Aseambankers' strategy is to concentrate on the core business of investment banking, which is corporate finance and capital-market related acitivities. Its strategy going forward, is to continue to be selective in the mandates it undertakes. Corporate lending will continue but this will be used to support core operations.

Mayban Securities recorded a lower pre-tax profit of RM12.35 million from RM82.33 million previously. This is attributed to sharply lower volumes due to weak market sentiments as well as lower commissions from the downward revision in brokerage fees.

Datuk Amirsham A Aziz

Mayban Discount also saw its pre-tax profit drop from RM110 million to RM39 million, mainly due to the narrowing of interest margins following the re-pricing of substantial portions of its investment portfolio, and higher provisions to reflect the default on some corporate bonds.

The operations of our asset management subsidiaries – Mayban Investment Management Sdn Bhd (MIM) and Mayban Management Berhad (MBB) – continued to be profitable but the rate of growth was affected by the poor market conditions that prevailed. During the year, we streamlined the fund management activity of the Group which is now centralized with MIM. Funds under its management totalled RM1.6 billion, of which 66% are funds belonging to or managed by the Group.

The Group's insurance business turned in a mixed performance with the life business remaining profitable but the general insurance business reversed into a loss position. This is despite higher new business premiums achieved by both businesses during the year.

The general insurance business recorded a pre-tax loss of RM23.5 million. This was due mainly to significantly higher claims, and provisions to reflect the reduction in value of its investment portfolio. Its financial performance was also affected by a deterioration in the quality of its corporate accounts necessitating higher provisions. This was partly due to the harsher economic conditions which prevailed.

The life insurance group reported a pre-tax profit of RM17.7 million. Mayban Life's new business premiums rose 41.2% to RM256.4 million.

Gross premium for Mayban Life International (Labuan) grew to RM101.2 million compared to RM27.4 million in the previous year.

Owing to the unavailability of Group tax relief to offset the losses incurred by some of our subsidiaries, the effective tax rate for this year was significantly higher at 47% against 35% last year. Consequently, net profit for the year after tax declined to RM838.6 million from RM1.36 billion. The lower earnings translates into a return on shareholders funds of 8.1%.

The Group's acquisitions were paid for entirely in cash. Consequently, this caused a decline in the Group's capital adequacy ratio (CAR). Nevertheless, we remain well capitalised, with our CAR at 13.05% as at 30 June 2001 – well above the minimum international standard of 8%.

As part of our capital management strategy aimed at reducing the long term costs of capital, we tapped the domestic bond market in May 2001 and raised a 10-year subordinated bond amounting to RM610 million. This issue was well received and over-subscribed.

Business Growth

The Group remained focused on expanding its market share during the financial year. We are pleased to report that arising from the acquisition of the two banks, Pacific Bank and PhileoAllied Bank, the Bank's market share for loans and deposits increased significantly, thus strengthening our franchise in the domestic financial market.

For the Bank, market share for loans increased from 18.6% to 22.8%. Market share for demand deposits increased from 19.6% to 23% while that for savings deposits grew from 24.8% to 32.9%.

The Group's market share of housing loans rose to 21.6% of the industry total. For the savings deposit, our market share rose to 31.4%.

In the credit cards business, we are one of the top three issuers in the country as well as the largest acquirer of credit card merchants.

Bankassurans remains a major distribution channel of the Group's retail banking activity. We now have over 500 financial executives who continue to ensure that we maintain our leadership position in this area. Life insurance, sold exclusively through this service, saw new premiums growing by 41.2% during the year to RM256.4 million.

We also continued to record favourable growth in our enterprise banking sector. Despite the slowing economy, the Bank approved RM14 billion in new loans for the year, of which RM4.3 billion was for SMEs. Trade financing activities also expanded significantly, and Maybank's share of the trade finance market grew from 20% to 23%.

Mergers And Acquisitions

The four strategic acquisitions that were completed during the year will contribute to enhancing our position as we face the challenges of globalisation.

These mergers proceeded according to our plan to complete them in a short period of time to minimise customers' inconvenience as well as preserve the value of the merged entities and allowing us to remain focused on our ongoing business.

The merger with Pacific Bank was legally completed in January 2001, followed by that with PhileoAllied Bank a month later. In April, the merger of PhileoAllied Securities with Mayban Securities was completed. The IT infrastructure of the mergee institutions were successfully integrated onto a single platform within a period of about five months.

The branch network was further rationalised following the integration of the IT infrastructure, and in all a total of 60 additional branches have been added to the network bringing the Group total to 441 branches nationwide. Mayban Securities now also has a branch office in Ipoh as a result of its merger with PhileoAllied Securities. In addition, we have the largest ATM network of over 1000 machines nationwide.

The mergers have undoubtedly made the Group's reach even more enviable. These two mid-sized banks and the stockbroking company with established franchises in niches in the middle and upper-market segment, would complement the Group's broad market appeal.

Partnership With Fortis

During the financial year, Maybank formally completed a strategic partnership with Fortis International NV, a renowned integrated financial services group with successful Bankassurans business experience as well as a prominent retail financial services group. Under this agreement, Fortis took up a 30% stake in our insurance business for RM340 million. The transaction was completed in June 2001.

This partnership with Fortis will further enhance our Bankassurans business in Malaysia which we pioneered in 1996, and propel us to be a leading player in the insurance industry.

It will also enable us to integrate the insurance and investment activities of our retail banking business to offer a complete suite of financial solutions to our retail customers.

Mayban Assurance Berhad also completed the acquisition of UMBC Insurans Berhad in February 2001. The merged entity was renamed Mayban General Assurance Berhad.

Awards

We are also pleased to report we have received numerous accolades that give recognition to the Group. These include the 'Triple A' award by The Asset Magazine; 'Best Bank in Malaysia' by Euromoney and 'Best Investor Relations by a Malaysian Company' by Investor Relations Magazine. These awards would not have been possible without the continuous support from our customers, shareholders and employees.

The merger integration team at Mayban Assurance Berhad was awarded "The Risk Manager of the Year" by the Malaysian Association of Risk and Insurance Management (MARIM) in recognition of the smooth and efficient merger process with UMBC Insurans Berhad.

Challenges

With the rationalization of the Malaysian financial sector creating sizeable financial services groups, and aggressive foreign players taking advantage of the increasingly liberalized domestic market, the Group needs to be ready to compete on all fronts – from services and product quality to convenient and effective delivery systems – to remain as industry leader.

In responding to the challenges ahead, we are expanding our role and transforming the Group into a customer-centric organisation providing comprehensive financial solutions to our customers. In this regard, we will continue to leverage on technology and improve our processes to provide an integrated platform to support our efforts.

Realising that staff are our valued assets, we will continue to provide training and development opportunities as well as a conducive performance-based environment that will encourage them to realise their full potential.

The ongoing efforts in risk management is yet another step we have taken to ensure our objectives are met. We have completed the development of a credit risk rating model during the year and our approach now is to focus on an integrated risk management capability across the Group to enhance overall risk management.

Dividends And Bonus

The Board of Directors is pleased to recommend a final dividend of 7.0 sen per share, less 28% income tax. This brings the total gross dividend for the year to 12.0 sen per share.

The Board is also pleased to recommend a bonus issue of one share for every two existing shares held. This exercise is part of our efforts to reward shareholders for their support as well as to realign the capital base of the Bank to a level which would better reflect the company's scale of operation.

Acknowledgement

We would like to place on record our appreciation to our customers and shareholders for their support, without which the Group would not have been able to achieve its success.

We would also like to extend our gratitude for the assistance and guidance given by the regulatory authorities in countries where we operate.

On behalf of the Group, we would like to extend a warm welcome to the staff of the four institutions which merged with us during the year. We also wish to thank all employees for their hard work and dedication, particularly during the merger period. ■

Tan Sri Mohamed Basir bin Ahmad
Chairman

Amirsham A Aziz
Managing Director

Consumer Banking

The growth in our consumer banking business was achieved through our emphasis on customer service excellence, enhanced delivery capability as well as building and capitalizing on our product leadership.

The domestic consumer banking segment saw intense competition in the year under review, with financial institutions competing for a bigger share of this growing sector. The Group continued to focus on this market segment and was able to hold on to our dominant position, growing market share in all core components of consumer banking including deposits, housing loans, credit cards and hire purchase.

Overall the Bank's consumer loans grew 32% over the previous year of which 75% came from mortgage financing. The Bank recorded a significant rise in market share of its savings deposit from 25.8% to 32.9%, while that for housing loans rose from 16.7% to 18.4%.

Our finance subsidiary, Mayban Finance also increased its consumer loans portfolio significantly. Its housing loan portfolio rose 28% to RM3.8 billion, and its hire purchase loans expanded 15% to RM8 billion. Mayban Finance saw its market share for housing loans increase from 19.6% to 20.5%, and that of its hire purchase from 17.6% to 18%.

On a combined basis, the Group's total market share for housing loans also saw a rise from 17.3% to 18.9%.

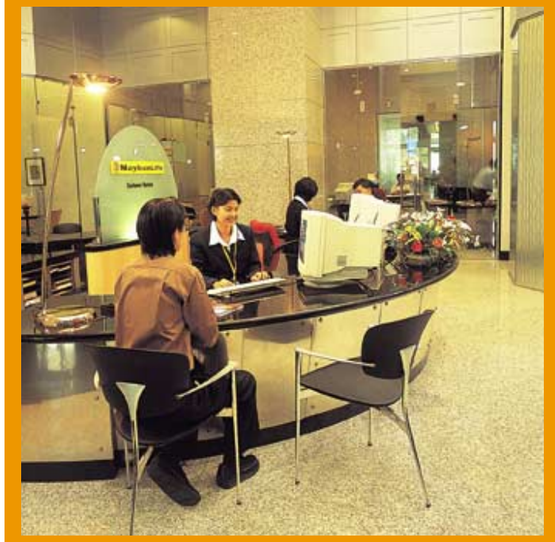
Our growth was made possible by our large customer base of four million that we currently have, and which we leveraged on to cross-sell our products and services.

The growth in our consumer banking business was also achieved through our emphasis on customer service excellence, enhanced delivery capabilities as well as building and capitalizing on our product leadership. Our business model of converting branches into sales and service outlets with dedicated sales personnel and financial planners offering comprehensive solutions to customers, will continue.

The centralisation of backoffice operations was further expanded to enable branches to concentrate on driving sales. We have also automated credit processing centrally for mortgages, to enhance service and to improve risk management at the same time. In addition, we continued to invest in improving our delivery capabilities, such as self-service terminals and other electronic delivery channels.

Following the transformation of our branches to sales and service outlets, we have also increased our sales force and provided them training in sales and marketing, bringing the total number of our consumer sales officers from 118 members to 388.

Sales through the Bankassurans network also continued to grow, driven by our team of financial executives, whose approach is to provide total financial planning covering savings, investment and protection for the customer. During the year, we increased our Bankassurans sales team to over 500 and improved our capability through data mining of our enlarged customer base.



In our credit card business, we launched the Maybank Visa Platinum Card in January 2001. This new exclusive card aims to meet the needs of selected customers and offers greater financial flexibility in recognition of their lifestyles.

Our marketing and promotional efforts paid off with over 100,000 new credit cards issued by the Group during the year. The Group's card-holder base is now well over half a million, making us one of the top three issuers in the country. On the acquiring business, the Group now has over 9,000 merchants, making us the largest acquirer of merchants.

Our unit trust management arm, Mayban Management Berhad (MMB) recorded total sales of 279 million units valued at RM196 million. During the year, MMB launched another unit trust, Mayban Dana Yakin. This Islamic unit trust offers yet another investment opportunity to our customers. MMB will be launching more funds as the current market conditions are more conducive for unit trust.

With the mergers completed, we will continue to leverage on the on-line share trading business which we have acquired. Currently, this service is offered through 20 Share Investment Centers and offers great potential for expansion. ■

Enterprise Banking

The operating environment was a challenging one for the business banking segment of the Group, affecting the large corporations more while the small and medium-sized enterprise (SME) segment continued to see encouraging growth.

The operating environment was a challenging one for the business banking segment of the Group, affecting the large corporations more while the small and medium-sized enterprise (SME) segment continued to see encouraging growth.

Despite the slowing Malaysian economy, the Bank approved RM14.0 billion in new loans under this segment for the year under review. Of this, a total of RM4.3 billion were in loans for SMEs, of which 17.8% was for the manufacturing sector. Apart from manufacturing, a large portion of the SME loans was approved for general commerce and for contractors undertaking government contracts. Outstanding SME loans expanded by 12.3% or RM1.3 billion, compared to 15.2% in the previous year.

One initiative to leverage on the Group's customer base and IT capabilities involved putting our SME loan application process on-line. Applications for SME loans went on-line in Maybank2u.com from December 2000. This new channel will undoubtedly enlarge our customer reach, and we expect significant improvements in both turnaround time and productivity for SME loans.

The Group also launched its enhanced "Fac3Plus" package which is a first-of-its-kind industrial property financing package designed for business customers, specifically SMEs. This group integrated product attractively packages the products of various Maybank Group companies including Maybank, Mayban Finance, Mayban Assurance and Mayban Life, into one comprehensive financial solution for businesses.

We also participated in a substantial way in the various Government-Aided Loan Schemes. These include loan schemes guaranteed by the Credit Guarantee Corporation as well as financing schemes in support of the development of Bumiputera businesses. Beside financing, we also provide training and financial advisory services to assist Bumiputera customers to manage their businesses.

We continued to focus on trade financing activities, a key strength of the Group. Revenues from trade financing expanded significantly and the Bank's share of the trade finance market grew from 20% to 23%.

During the year, we re-engineered the Bank's trade finance business in line with our shift to a more sales and service culture. Under the new model, a specialised trade processing centre, operating as a hub will collate and process applications for trade financing from our Trade Finance Centres (TFCs) nationwide. The TFCs, with their dedicated sales executives serve as service centres catering to the needs of the customers.

Results of the pilot test have been positive and the new model is expected to be implemented nationwide by September 2001. This is expected to contribute to a further rise in revenues from trade financing activities, driven by the growth in new customers as we tap our enlarged customer-base, as well as from improved efficiency and productivity.

We re-launched our Desktop Banking for corporates and businesses during the year, featuring a number of new and enhanced services. These include convenient cash management facilities, cheque writer, interbank giro and remittance services as well as trade finance solutions and custodial services. About 700 corporations currently subscribe to this intranet system.

Given the increasing attractiveness of the private debt market as an alternative source of funding for corporations, the relationship managers of the Bank worked closely with our investment bank to provide solutions for these customers' financing requirements. Resulting from this collaboration, Aseambankers was involved in a number of debt market exercises which involved a total of RM3.36 billion during the year.

The challenge as we move ahead, is to make a successful transition from a transaction-driven to service-driven operation. To assist in this process, we are embarking on the latest phase of the Maybank Delivery System with the introduction of Business Centres dedicated to serving the needs of businesses, whether it is to process their loan applications, managing their accounts or tailoring solutions for their financing needs. Fourteen such Centres are already in place with another thirteen expected to be set up by the end of the year. ■

e-Banking

A key initiative adopted was to invest in technology to expand and improve our primary electronic delivery channel with the aim of offering greater flexibility to our customers through self-service terminals.

In the area of electronic banking (e-banking) the Group remains commited to empowering our customers to conduct financial services using any electronic channels that offer convenience, value proposition and consistency of service.

Since the launch of Maybank2u.com, in June 2000, we have received very good response of more than 350,000 subscribers, who have performed over five million transactions to date. We have also enhanced the internet banking site by merging the corporate information site with the transaction and business portal to become a true one-stop financial portal. Maybank2u.com now offers a comprehensive range of services of the Group, from general banking activities to bill payments, purchase of insurance to share trading, as well as information converging at our portal.

Maybank2u.com has also drawn greater participation from the retail merchants and a total of 200 merchants have signed up with us. To further develop the e-commerce component of our portal, we have established smart partnerships with these merchants and expanded our payment capabilities to include education providers, reloading of prepaid mobile phone cards and transportation companies.

The portal also saw increased transactions of its online share trading services as the customer base expanded following the mergers.

In the year under review, we continued to invest substantially in technology to expand and improve our primary electronic delivery channel – the e-KawanKu Centres – with the aim of offering greater flexibility to our customers through self-service terminals. These centres installed with ATMs, cash deposit machines, passbook update machines and cheque deposit machines provide the Group's customers a common platform to perform a variety of transactions, from cash deposits to payment of bills.

As at June this year, we have 55 on-branch and 41 offsite e-KawanKu Centres, at petrol kiosks and shopping malls. This is in line with our objective of making Maybank services easily accessible and available outside banking hours and all year round. With the installation of more ATMs under the e-Kawanku Centres as well as additional branches from the mergers, the Group now has more than 1,000 ATMs, making it the largest ATM network in the country. Furthermore, to provide greater convenience to customers, we introduced the instant issuance of ATM cards at branches during the year.

In line with the Government's goal of developing a k-economy, and to tap opportunities arising from the evolution of information technology, Maybank entered into an e-commerce joint-venture that takes us out of mainstream banking to build a B2B e-procurement hub called TX123(M) Sdn Bhd, the first by a financial institution in Malaysia. This e-commerce platform allows for procurement, system integration services as well as e-payment and cash management services.

In November 2000, the Group implemented a regional switch to facilitate cross-border transactions between Malaysia, Singapore, Brunei and the Philippines. This switch allows Maybank customers to access their accounts from any of our ATMs in these countries. Additionally, customers in Singapore are also able to send and receive fund transfers within seconds, compared to the industry average of one day.

During the year, Maybank also re-launched Desktop Banking for corporates and businesses with new and enhanced services. Under our e-banking initiatives, we also plan to internet-enable this service in the next financial year. ■

International Operations

The strategic placement of our international banking operations is primarily to serve our customers' overseas trade and investment needs, contribute to the enhancement of our shareholder value and broaden the Group's concentration risks.

In the international banking arena, our footprints are in the region with greater emphasis in ASEAN. In ASEAN, we have a presence in seven of the current 10-member grouping except Thailand, Myanmar and Laos. We also have representation in Beijing, Shanghai and Hong Kong as well as in the key financial centres of London and New York.

Significant developments during the year include the commencement of our Shanghai operations in December 2000 and increasing our stake in Maybank Philippines Inc., our largest overseas network with 58 branches, to 99.96%.

Our second largest network overseas, Singapore, with 22 branches and 23 ATM locations, has become more visible with the launch in July 2001 of its S$120 million Singapore headquarters, a statement of the Group's commitment to the city-state.

The strategic placement of our international banking operations is primarily to serve our customers' overseas trade and investment needs, contribute to the enhancement of our shareholder value and broaden the Group's concentration risks.

For the year under review, the international operations turned in a pre-tax profit of RM29 million compared to RM200.4 million last year. These results were affected by the difficult operating environment in Indonesia and the economic slowdown in Singapore. Notwithstanding this, our international operations remain an important component of our business strategy, and in the longer term we expect it to provide us increasing returns.

Moving forward, our strategy is to continue to consolidate and strengthen our presence in the ASEAN markets, and at the same time putting our footprints in other selected regional markets for strategic or synergistic reasons. Being early in these new markets gives us a head-start in understanding the local operating environment, thus enabling us to be in a state of readiness to tap on the opportunities when the time is right. ■

Maybank
Your new
business
partner
in China

Maybank is now in Shanghai and we are proud to be the first and only Malaysian bank to establish a branch in mainland China. We are Malaysia's largest bank, backed by a wealth of experience and insights into the diverse workings of the Asian business world. Let us help you seek new opportunities in the Chinese marketplace, and help you make the best of these opportunities in China. Maybank Shanghai offers advisory services on trade and investments and also a wide range of banking and financial services - Syndication Loans, Trade Finance, Forex, Money Market services and many more - to meet your varied business needs. And at our Beijing Representative Office, we provide advisory services, market liaison and market research to cater for investors in the Beijing-Tianjin corridor. We at Maybank are here, in partnership with you, to make the best of what the new business hub of Asia has to offer.

Maybank
Malayan Banking Berhad (3813-K)

Banking without boundaries. Anytime. Anywhere.

For further information, please contact Maybank Shanghai,15th Floor, Marine Tower No. 1, Pudong Avenue, Shanghai 200120, People's Republic of China. Tel no: 8621-6886 0003

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Islamic Banking

The Group has a 25% overall market share for Islamic financing. In the financing of residential property, the Group has a significant market share of 37%, a result of the marketing and promotional efforts during the year.

The Group's Islamic Banking business continued to expand strongly in the year under review.

The strong performance, in a market rendered more competitive by the slowing economy and low interest rate environment helped the Group to maintain its leadership position among financial institutions providing both conventional and Islamic banking business.

Revenue from Islamic banking business grew 63% to RM306.3 million while profit before tax and zakat rose 96% to RM210.5 million.

Total Islamic banking assets rose 61% to RM10.36 billion accounting for 7.3% of the Group's assets. Deposits also recorded a strong growth to RM7.87 billion, of which 48% was for housing and hire purchase financing. The Group now has 21.8% or over one-fifth of the total market share of Islamic banking deposits in the country.

Financing grew 75% during the year to RM6.4 billion, of which 48% was for housing and hire purchase financing.

The Group has a 25% overall market share for Islamic financing. In the financing of residential property, the Group has a significant market share of 37%, a result of the marketing and promotional efforts during the year.

For corporate customers, trade financing facilities and competitive financing options continue to be offered. Apart from competitive pricing and packaging of financial solutions, briefings were held to help potential customers better understand the products.

In view of the increasing popularity of the Islamic Private Debt Securities (PDS) market, the Group also arranged the issuance of Islamic PDS for corporate customers during the year, involving over RM1.6 billion.

During the year, the Group achieved another milestone with the launch of its first-ever Islamic unit trust – Mayban Dana Yakin, which further complements the comprehensive range of Islamic banking products we offer. Launched by Mayban Management Berhad, the Fund offers all investors an opportunity to invest in a portfolio of assets managed under an investment policy that complies strictly with Syariah principles. The fund had an initial offering of 100 million units.

Recognising that Islamic Banking is fast gaining wide acceptance among Malaysians, Maybank set up three branches dedicated to Islamic Banking – one each in Wangsa Maju in the Federal Territory, Kuala Terengganu and Kota Baru. This is in addition to the existing channels where Islamic banking products and services are offered in parallel with conventional banking products at the Maybank Group network. ■

Risk Management

Risk management is a critical pillar of Maybank Group's operating model, complementing the other two pillars which comprise the business group as well as the support and services group. Comprehensive policies and processes for the early identification and proactive management of risks have been developed and implemented across the Group. In addition, the Group invests continuously and extensively in people and technology to interpret and manage these risks on a daily basis.

The three risk management groups are – the Group Market Risk Division, the Credit Control Division and Internal Audit Division. At the Board level, the Finance Committee oversees policies relating to credit, market and liquidity risks, the Audit Committee takes responsibility for operational and financial risks while the main Board oversees all risks including legal and reputational risks.

As part of the Group's continuous efforts to adopt and implement best practices that will help to manage risk and enhance shareholder value, plans are underway to integrate credit, market, liquidity and operational risks into an integrated risk management framework accountable to the Risk Management Committee of the Board.

While the primary responsibility of managing risk at portfolio level rests with the Group's risk management divisions, the business managers are required to work within the corporate policies and limits set by the Group. ■

Credit Risk Management

Credit risk is the risk of non-payment due to the inability or unwillingness of a customer or counterparty to meet its financial obligations with Maybank Group. Exposure to credit risk arises primarily from lending, trade finance and treasury activities.

The Credit Control Division (CCD) is entrusted with the overall responsibility of managing credit risk. In discharging this responsibility, it is primarily involved in managing and enhancing asset quality, formulating and reviewing credit policies as well as documentation/compilation of credit policies and procedures for adherence and easy reference by the business units. The CCD also sets and reviews concentration limits, according to various categories such as customer, economic segment, product types, banks and countries, and monitors credit portfolio risk. Industry risk is also evaluated and monitored as the dynamic changes in the economic environment has a direct impact on the Bank's asset quality.

In addition, the CCD is also entrusted with the development of credit skill through formulation of and participation in credit training programmes. CCD is also involved in the enhancement of credit process to achieve a balanced approach between independence in credit assessment and service quality. In line with this, we are continuously upgrading ourselves towards international best practices.

Among the initiatives adopted last year was the Maybank Group Credit Risk Rating Project involving the Bank, its Singapore operations, Mayban Finance and Aseambankers. The primary objectives are to provide a consistent approach in risk grading of the Group's corporate and commercial borrowers and to measure the risk of default by borrowers objectively.

The credit risk rating model, developed based on statistical modelling of the Group's historical data, will serve as a tool to facilitate decision making, as well as to guide pricing of loans according to risk. It will enhance portfolio management capabilities and sharpen the formulation of the Group's strategies to manage credit risk.

The CCD is continuously embarking on projects using appropriate methodologies and technologies to achieve an efficient and integrated credit risk management system for the Group. ■

Market Risk Management

Market risk encompasses price and interest rate risks, all of which arise in the ordinary course of the Group's business. Price risk is the risk to earnings that arises from changes in interest rates, foreign exchange rates, equity and commodity prices, as well as in their correlations and volatilities.

Group Market Risk Division (GMRD) is principally responsible for managing the above areas of risk and implementing the market risk management framework for Maybank Group. Previously, market risks are taken, measured, aggregated and managed within the confines of policies and methodologies adopted by individual entities. The formation of GMRD and the establishment of Maybank Group market risk management framework ensure that there are consistent methodologies in the identification and measurement of market risks as well as the establishment of effective and consistent risk management policies across Maybank Group.

GMRD continuously evaluates risks and monitors compliance with approved policies and risk limits. Market risk profiles are regularly reported to various levels of management/committee and the Board.

Market risk controls adopted include: value-at-risk methodology, independent mark-to-market valuation, on-line tracking of stop-loss for trading positions, stress testing of portfolios, back testing of risk models, and new product introduction guidelines. ■

Liquidity Risk Management

Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds at maturity, extensions of credit and working capital needs. Maybank Group seeks to manage its liquidity risk across all classes of assets and liabilities to ensure that even under adverse conditions, it has access to funds at a reasonable cost.

The primary tool used for monitoring liquidity is based on the New Liquidity Framework (NLF). This framework that is regulated by Bank Negara Malaysia (BNM) ascertains liquidity based on the contractual and behavioural cashflow of assets, liabilities and off balance sheet commitments, taking into consideration the realizable cash value of eligible liquefiable assets. Maybank Group maintains a minimum level of liquid assets although under the NLF, no such regulatory requirement is established. These assets are maintained in the form of cash and marketable debt securities that are issued by both the Government of Malaysia and AAA rated private entities.

The NLF is fortified further with specific policies on maturity mismatches, which is monitored on a global basis over successive time bands. Liquidity risk management at Maybank Group focuses on a number of components, including tapping available sources of liquidity as well as preserving necessary funding capacity. Liquidity targets are maintained to ensure that even under adverse conditions, funds are available to cover customer needs, maturing liabilities, and other funding requirements.

Deposits represent Maybank's principal source of funds and are derived from a well-diversified retail deposit base, corporate and institutional clients. Maybank Group may raise funds locally or globally through a variety of instruments, including certificate of deposits and debt securities. Other sources of funding are explored on an ongoing basis e.g., the issuance of convertible bonds and asset securitisation to ensure diversity in funding sources. ■

Operational Risk Management

Operational risk is the potential exposure to financial or other damage arising from inadequate or failed internal processes, people and systems, including disruption of business.

The business and support units are primarily responsible for managing operations risk in their respective functional areas. Overseeing the management of this risk at the corporate level is the Internal Audit Division (IAD) through a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, positions and documentation, and undertaking regular contingency planning, which includes disaster recovery planning as well as business resumption planning.

The IAD has traditionally been a unit which monitors adherence to controls and policies. However, given the fast evolving environment in which the Group operates, the IAD has now adopted a risk-based approach in its activity. The focus of this approach addresses the probability of an event occurring and the issue of the impact, when it happens. The specific areas of impact being examined are reputation, consumer satisfaction as well as financial effects.

To facilitate the change, and to enable managers to pre-empt these risks the IAD has over the last 12 months, mapped out the inherent risks of the activities undertaken by the Group. With such risks determined, the IAD has developed an inherent risk template for each business type and by product.

The IAD uses these templates to identify those activities which have the highest level of inherent risk to manage operational risk.

In line with the new approach, the mission statement of the IAD has been revised to reflect the changing role of the auditor, which is to add value and improve the Group's operations by providing independent, objective assurance and consulting activities designed to evaluate and enhance the risk management, control and governance processes to assist management to achieve corporate goals. ■

IT Infrastructure

Maybank will continue to meet the exacting demands of customers for access to seamless conveniences. Key infrastructure components such as standardised application integration software, open and highly robust and scaleable system architectures will continue to be developed.

Anticipating the need for higher operational efficiency, resilience and the ability to scale up on demand during the year under review, the Group added state-of-the-art processing, storage and network technologies to complement the existing information technology (IT) infrastructure.

We successfully completed the task of merging the Maybank, Pacific Bank and PhileoAllied Bank IT systems in less than five months.

By May 2001, the front-end and back rooms of all three banking groups were operating as one, with minimum disruption to customer services. In addition, the unified system had nimbly adopted, and continues to support good features and products of the mergee banks that the Group wished to retain for customer retention and added competitive advantage.

Unstinting efforts were also made to deploy key enabling technologies to improve business processes. Spurred by major productivity gains and significantly faster turnaround processing following the implementation of the Loans Applications Processing and Cheque Clearing, workflow automation and imaging were assimilated and harnessed in other major key areas, including those which have been automated earlier.

For our Trade Finance centralised operations, we have re-engineered the work processes and applied workflow and imaging technologies. These have already achieved a three-fold improvement in productivity, and we will continue to strive to attain world class standards.

Extensive resources were also allocated to provide additional system features and functionalities and further enhance operational efficiency, with a focus on achieving straight-through processing.

Apart from processes, technology has also enabled the Group to structure a single unified view of the customer. This structure, already in place today, will facilitate easy and fast access to data on the customer's relationship and financial position with the entire Maybank Group, for cross-selling.

Moving forward, to tap the full potential of the Group's huge and growing customer base, initiatives are underway for the development of an Integrated Group Sales system and a more sophisticated Customer Relationship Management (CRM) system. The goal is to maximise the relationship with the customer through elevated service levels and better value propositions.

Maybank will continue to meet the exacting demands of customers for access to seamless conveniences. Key infrastructure components such as standardised application integration software, open and highly robust and scaleable system architectures will continue to be developed. ■

Human Resource Development

In the Maybank Group, how we succeed, is as important as what we achieve. It is this underlying philosophy which makes human resource development an integral part of everything Maybank does. We invest continuously in employees at every level.

Human Resource (HR) activities were on high gear throughout the year, as the HR team focussed on integration programmes to ensure a smooth transition of employees from merged institutions into our Group.

Recognizing the need to improve productivity and efficiency of our manpower to face the future challenges, a Voluntary Separation Scheme (VSS) was launched following the merger. This scheme provided an opportunity for mutual benefit. For our employees, it was an opportunity to re-skill themselves to seek new vocations. For the Bank, the scheme was part of ongoing efforts to streamline our operations to enhance productivity and efficiency.

A total of 1,230 employees left under the VSS. As part of our asssistance under the scheme, these employees underwent various courses in business management, information technology and financial planning at the Institute of Banks Malaysia to help them to re-skill themselves before leaving the bank.

In the Maybank Group, how we succeed, is as important as what we achieve. It is this underlying philosophy which makes HR development an integral part of everything Maybank does. We invest continuously in employees at every level.

For the year under review, the Group spent about RM27 million to develop our human resources, covering skills and leadership development, continuous learning schemes, sales and services training and communication/change management. Of this amount, RM21 million was incurred at the Bank level. This constituted 3.7% of our gross remuneration package which is significantly higher than the 2.5% required by Bank Negara Malaysia (BNM). A total of 11,792 employees attended 609 training programmes at our Staff Training Centre and 1,270 employees attended various external programmes, including banking courses conducted by the Institute of Banks Malaysia. Many of these staff training programmes were organised to support the merger integration process.

To support the Group's transformation from transaction-based to customer-focus, our training programmes are increasingly skewed towards service. Last year, over 4,000 employees were put through sales and service training or the necessary certification as professional financial planners.

The Maybank Group also contributes to employee welfare and safety wherever it operates. Our contribution was recognized last year when we won the Occupational Safety and Health Award for the Financial Institutions sector conferred by Ministry of Human Resources.

Our dialogues with employee unions continue and in the last year, we concluded four collective agreements governing various categories of employees.

At the senior management level, the managers undergo skills upgrading as well. As a Group, our senior management participate in programmes offered by a number of the world's leading institutions of higher learning.

As the Maybank Group braces itself for increasing competition and customer expectations arising from globalisation, our HR programmes will focus, among others, on further developing a performance related management system, transforming our personnel into adopting a sales and service culture as well as enhancing risk management skills. ■

Community Relations

The Maybank Group's community relations programme continued to focus on improving the social well-being of the less fortunate, especially in communities in which we operate, through meaningful activities.

During the year, over RM5 million was disbursed to welfare and charities as well as medical causes, sports and educational sponsorships.

Donations to the needy and less fortunate during the major festive celebrations, has become a tradition. Residents from various welfare homes were also invited to celebrate the festive occasions with staff of the Group.

Maybank was involved as a platinum sponsor of the NST Million Ringgit Charity Rubber Duck Race. The funds that we raised have been channelled to the Maybank Group Bone Marrow Transplant Centre Hospital Universiti Kebangsaan Malaysia which treats patients with blood cancer.

To support and promote the development of a community that is educated and knowledgeable, we continued to disburse scholarships and study awards to the deserving and high achievers from the public, as well as the staff and children of staff of the Maybank Group.

The Group continued its support towards the development of sports in Malaysia. Through this programme, we have succeeded in nurturing a group of athletes who represented the Bank as well as the country at national and international sporting events. Maybank athletes were in action at the Sydney Olympics 2000 while twenty athletes and three coaches will participate in the 21st SEA Games 2001.

In the Arts, the Group added an international flair to two art exhibitions at Balai Seni Maybank.

In February 2001, "The China-Maybank Friendship Art Exhibition" was launched by H.E. Guang Dengming, the Chinese Ambassador to Malaysia. The exhibition was held to commemorate the opening of the Maybank Shanghai branch in China. The exhibition featured works by two renowned Beijing artists.

The second exhibition in June 2001, a joint effort between Maybank and Very Special Arts (VSA) Singapore, showcased works by 12 Singaporean artists with disabilities. This exhibition is a continuation of our support and commitment to help develop the artistic talents of people with disabilities.

In Singapore, Maybank in conjunction with the National Library Board, introduced the first Remote Book Drop Service offering a book drop at its 24-hour auto lobby at Maybank Capital Tower Branch. This allows National Library members to return their books at a convenient location.

The Maybank Group continues to remain conscious of its commitment to help the needy and will, through various programmes, ensure they continue to be given assistance.

The Group will also make its presence felt wherever and whenever it feels it can contribute to the well-being, growth and holistic development, whether of the individual, the community or society in general. ■

Management's Discussion & Analysis

On Financial Position And Result Of Operations

Survey On The Overall Business Conditions

Maybank entered its financial year on a positive note as the economy continued to enjoy rapid expansion in external demand. Economic growth during the first half of 2000 was almost double-digit and this provided confidence that over the next twelve months, it would expand by at least 6.5%. The prospects for banking and financial services, therefore, looked promising as the sector would be riding on the new growth cycle. However, as the year progressed, it became evident that the highly leveraged US economy could no longer maintain its fast pace. Hence, with its growth rate trending downward, it choked an already ailing Japanese economy and in the process put pressure on export dependent economies including Malaysia.

The speed at which domestic economic growth decelerated was indeed a surprise. From 7.6% during the third quarter of 2000, GDP growth eased off to 6.3% in the fourth quarter and 3.1% for the first quarter of 2001. By the second quarter of 2001, economic growth hit the lowest level of 0.5%. With the pace of economic activities cooling off, outstanding loans of the banking system only managed to register a moderate increase of 5.9% during the twelve-month period to June 2001. Mortgage financing which grew by 18.5% accounted for 48.3% of the increase. Another 25.8% of the increase came from financing of passenger cars which during the period grew by almost 20%. The strong growth in consumer financing reflected the change in focus of financial institutions in an environment where excess capacity discouraged new investment and growth in external trade slowed.

With the momentum of economic growth easing, deposits of the banking system grew at a moderate pace of 3.7%. While deposit growth lagged behind loans, the system continued to remain liquid. Loan-deposit ratio for the system was 85.8% which was marginally higher than it was a year ago. Given this situation, interest rates remained relatively stable. However, due to the excess liquidity and stiff competition in the loan market, the average lending rate for commercial banks trended downward from 7.69% in June 2000 to 7.19% in June 2001.

The about turn in business conditions and sentiment affected the performance of the equity market. In the twelve-month period to June 2001, the KLSE Composite Index lost 240 points. Market capitalisation came down from RM572.31 billion in June 2000 to RM403.49 billion in June 2001 – a loss of RM168.8 billion. Trading was lethargic with daily average volumes of around RM300 million against RM1,169 million a year earlier. This development put a significant pressure on stockbroking companies.

Analysis Of Significant Balance Sheet Developments In Financial Year Ended (FYE) June 2001

Total Assets The asset base of the Group as at end June 2001 stood at RM140,897.3 million compared to RM127,072.1 million a year ago. This represented an increase of RM13.8 billion or 10.9%. In financial year (FY) 2000 the growth was 8.2%. At Bank level, total assets rose by a higher RM14.7 billion or 15.2% to RM111,473.5 million over the same period. The comparative growth rate in FY 2000 was 10.5%. In both cases, the higher growth rates in FY 2001 is attributed to the inclusion of the assets of the merged institutions comprising Sime Finance, Pacific Bank, PhileoAllied Bank and PhileoAllied Securities. Their contribution totaled

RM19,749.2 million at the Group level and RM17, 851.3 million at the Bank. Discounting these, the asset base of the Group and Bank would have registered a decline of 4.7% and 3.3% respectively. This was mainly due to the reduction in short term funds and inter - bank placements.

The proportion of interest bearing assets remained relatively unchanged from June 2000 at 94.5% in the case of the Group and 94.1% at the Bank.

Cash And Short Term Funds Cash holdings and Short term funds of the Group declined by RM3,543.8 million or 21.9% between 30 June, 2000 and 30 June, 2001 to RM12,647.9 million. In the case of the Bank, the reduction was more moderate at RM2,589.7 million or 19.9%. The decline arose out of the asset and liability management strategy which aimed at reducing short term and inter-bank assets in view of their marginal yields and the lack of arbitrage opportunities .

Deposits and Placements with Financial Institutions Total deposits and placements of the Group with Financial Institutions declined by RM524.0 million or 9.3% to RM5,133.9 million from a year ago. The Bank on the other hand ,registered a growth of RM732.7 million or 14.0% to RM5,968.7 million for the same period. As explained earlier, these shifts are directly attributed to the asset and liability management strategy.

Loans And Advances The Group's gross loans and advances (including loans sold to Cagamas) increased from RM90,313 million in June 2000 to RM109,133 million in June 2001 – a growth of RM18,820 million or 20.8%. The equivalent at the Bank level was RM85,327 million representing a growth of RM17,467 million or 25.7%. Excluding the loans of the merged institutions, the Bank's domestic gross loans book registered an organic growth of 8.6%. This compares favourably to the loan growth rate of 6.1% attained by commercial banks over the same period. Coupled with the infusion of the loan portfolios of the merged institutions, the Bank's domestic loans market share rose to a significant 22.8% as at end June 2001 from 18.6% a year ago. This credible performance came amidst a slowing economy and increasing resort among corporates to the capital market for fund raising.

In keeping with the objective of maintaining a diversified portfolio, exposure to all economic sectors showed growth. However reflecting the principal drivers of economic activity, the bulk of the new lending in the domestic market was directed towards the Residential, Manufacturing, General Commerce and Construction sectors. Reflecting the focus on these segments, market share of the domestic Residential Property sector rose to 18.4% as at end June 2001 from 16.7% a year ago. In the case of Manufacturing, it increased by 4.2% over the same period to 22.6%. As for the General Commerce and Construction sectors, market share rose by 6.0% and 2.2% in FY 2001 to 22.4% and 20.5%. In spite of the slower growth in trade volumes, the emphasis on trade related businesses resulted in market share of the Trade Finance business rising to 23.0% as at end June 2001 from 20.0% a year ago.

In terms of the other principal domestic based lending units in the Group, namely Mayban Finance and Aseambankers, the former saw its gross loans expand by RM1.1 billion in FY 2001. This was a result of the expansion in its mortgage and hire purchase portfolios. Consequently, its market share of the two sectors expanded by 0.9% and 0.4% in FY 2001 to 20.5% and 18.0% respectively. In the case of Aseambankers, resulting from the focus on fee based activities, its loan book saw a further reduction of RM396.6 million to RM1,128.1 million in the financial year.

With regard to Overseas banking operations, the gross loan book size rose by RM636.2 million or 4.1% at the Group level to RM16,260.0 million. The expansion was led by Singapore Operations which registered a growth of RM310.5 million to RM9,708.6 million. In the Philippines, the continuing effort to build up capacity resulted in outstanding loans rising by RM97.6 million to RM326.0 million. The extensive computerisation program which enhanced operational efficiency levels was a key enabling factor in this regard. However in the case of Indonesia, its loan portfolio shrank by RM20.2 million to RM229.8 million. This is attributed to the conscious effort to manage risks in view of the continuing economic and political uncertainties.

Outstanding Islamic financing facilities rose by RM2,659.4 million to RM4,767.7 million at the Bank level to account for 6.8% of the Bank's gross domestic loan portfolio. At the Group level, it increased by RM2,784.2 million to RM6,632.8 million and the market share for Islamic financing now stands at 25.0%.

The overall Loan/Deposit Ratio for the Group and Bank stood at 96.0% and 96.4% respectively as at 30 June, 2001 compared to 96.7% and 101.2% a year ago reflecting the more moderate pace of loans growth via-a-vis deposits in the review period.

Dealing Securities The Group's holdings of Debt Securities increased by RM426.5 million or 48.7% to RM1,302.1 million in FY 2001. In the case of the Bank, the portfolio increased to RM295.5 million. In both cases, the growth was largely fueled by the active market for fixed income instruments .

Investment Securities Holdings of investment securities by the Group rose by RM2,686.3 million or 14.5% to RM21,274.0 million. At Bank level, it rose by RM1,548.2 million or 13.0% to RM13,466.8 million. The increase in the portfolio of investment securities was to optimise returns from surplus funds.

Total Liabilities The Group had total liabilities of RM130,549.6 million as at end June 2001 – an increase of RM14.1 billion or 12.1% from a year ago. In FY 2000 the growth was 7.8%. At the Bank level, total liabilities rose by a higher 16.8% during the same period to RM102,835.6 million. The increase in FY 2000 was 10.5%. Excluding the liabilities of the merged institutions amounting to RM17,926.2 million at the Group and RM16,331.3 million at the Bank, the outstanding liabilities of the Group and Bank declined by 3.3% and 1.8% respectively.

Deposits from Customers Customer deposits rose by RM14,618 million or 17.9% at the Group level and by RM17,134 million or 28.4% in the Bank to RM96,484.6 million and RM77,394.5 million respectively. In domestic operations, the 9.4% organic growth in traditional deposits out paced the 2.8% registered by the industry for the same period. The growth came mainly from the key low cost Savings and Demand deposit segments which expanded by 10.8% and 14.3% respectively. This reflected the increased dominance of the Bank in the local low cost deposit market. With the inclusion of the deposits from the merged institutions, market share of the Demand and Savings deposits rose to 23.0% and 32.9% as at end June 2001 from 19.6% and 24.8% respectively a year ago. The customer base remained well balanced with Individuals and Business Enterprises each accounting for about half of total deposits both at the Bank and Group.

Deposits and Placements Of Financial Institutions Deposit placements by financial institutions with the Group declined by RM1.0 billion or 5.0% to RM19,088.8 million. In the case of the Bank, the quantum of reduction was more pronounced at RM3,582.2 million or 22.6% to RM12,268.9 million. This development is attributed to the reduced dependence on US dollar denominated inter bank funding.

Subordinated Obligations Outstanding subordinated obligations rose by RM610.0 million at both the Group and Bank due to the issuance of 10 year Subordinated Bonds of the same value by the Bank. The exercise was in line with the strategy to balance the capital structure and to manage the cost of capital.

Shareholders Funds Despite the overall profitability of operations, total shareholders funds of the Group declined by RM319.4 million or 3.1% to RM10.0 billion. This is attributed to the write off in full against General Reserves of all goodwill arising from acquisitions in accordance with the existing accounting policy. The goodwill written off amounted to RM923 million.

Profit And Loss Statement

Net Interest Income During the course of the year, margins were subject to sustained downward pressure on account of the excess liquidity and the competitive market conditions especially in the consumer and corporate segments. It was particularly intense in the mortgage, hire purchase and trade finance markets. This is evidenced by the reduction in the average lending rate of commercial banks from 7.69% in June 2000 to 7.19% in June 2001. The deterioration in asset quality which led to an increase in interest-in-suspense by 23.2% or RM670.4 million at the Group was another source of the margin stress.

Notwithstanding the above, pro active asset liability management strategies pursued at both the Group and Bank levels, mitigated any substantial reductions in margins. As such, the net interest margin only declined by a marginal 0.04% to 3.39% at Group level while it was maintained at 3.0% at the Bank.

The Group registered a net interest income of RM3,995.0 million in FY 2001 which represented a growth of 5.2% or RM198.1 million.

At the Bank, it recorded a similar but higher growth of 8.0% or RM205.4 million to RM2,768.6 million. In both cases, given the relatively stable margins, the growth was a result of the expansion in average interest bearing assets.

Islamic Banking Income from Islamic Banking rose to RM306.4 million at the Group due to the 73.1% growth in gross loans(including loans sold to Cagamas) and the doubling of its investment portfolio. Loan growth was supported mainly by the healthy demand for mortgage facilities both at Maybank and Mayban Finance. The higher issuance volumes of government papers and bills with superior yields coupled with the need to place out the surplus deposit base was the reason behind the significant growth in investment securities.

Non-Interest Income The Group's total non-interest income rose by RM53.8 million or 4.2% to RM1,320.6 million.

In terms of Fee income, growth mostly emanated from Commission charges and Service charges. Commissions rose by RM8.0 million on account of higher credit card related fees and improved contributions from the remittance business. Service charges and fees rose by 14.2% or RM31.4 million to RM252.2 million due the generally higher volume of transactions arising from the expanded customer base. An offsetting factor was the RM95.8 million or 80.6% reduction in brokerage income due to the lower turnover at Mayban Securities on account of the sharp decline in trading volumes. Excluding this volatile source, core fee income would have registered a growth of 8.0% or RM48.7 million.

Investment income (excluding Dividends) rose by RM217.9 million from RM168.5 million to RM386.4 million principally on account of the gain from the part divesture of the insurance business which contributed RM232.5 million at the Group.

Other income rose by RM106.9 million or 26% to RM519.4 million at the Group. Within this component, premium income increased by 31.7% to RM213.8 million reflecting the emphasis and expansion of the bancassurance scheme.

The overall non-interest income performance was however impacted by provisions for the diminution in value of investment securities totaling RM278.5 million. The provisions were made to cover the drop in the value of equities, some of which were

taken in conjunction with debt-equity conversion schemes. In addition, provisions were also made on some investment securities to reflect the Group's policy of marking to market the valuations of such instruments.

Overhead Expenses Total overhead expenses of the Group rose by 32.9% or RM524.2 million to RM2,118.0 million. At the Bank level, it rose by 30% or RM334.2 million to RM1,448.8 million. As expected, the increase was due mainly to one-off merger related expenses totaling around RM132.5 million. Among others this included the Voluntary Separation Scheme (RM91.3 million) and realignment of the depreciation policy in respect of the acquired assets (RM20.4 million).

After discounting expenses attributable to the mergers, the actual overhead costs of the Bank's Malaysian Operations (which accounted for 83% of the Bank's total overheads) only rose by 9.7% or RM86.9 million. This was due to higher outlays on the following: Establishment, Fees, Staff and Marketing expenses.

At the Group level, overhead expenses were further impacted by the RM28.5 million provision in respect of premium debtors and higher claims amounting to RM58.0 million at Mayban General Assurance.

In addition, there was a RM25.5 million charge incurred in respect of two revised collective agreements and other staff related expenses at Mayban Finance.

The cost-to-income ratio (before loan loss provisions) deteriorated to 34.5% from 31.8% for the Bank and in the case of the Group, to 37.7% from 30.4% in FY 2000. At the Bank, this was a consequence of merger related expenses as well as higher provisions for diminution in value of investment securities. At Group level, the ratio was impacted by an additional charge of RM11.6 million attributed to the mergers at Mayban Finance and Mayban General Assurance, the provisions at Mayban General Assurance as explained above and by the reduced income from Subsidiaries involved in the equity and capital market based activities. Excluding the expenses resulting from the mergers and provisions at Mayban General Assurance, overhead costs of the Group increased by a lower 22.1%. Consequently, the adjusted cost-to-income ratio of the Group would be 34.6% and 31.4% in the case of the Bank.

Loan Loss Provisions Loan loss provisions of the Group registered an increase of 31.0% or RM473.1 million to RM1,995.4 million. At the Bank, it rose by 54.4% or RM462.5 million to RM1,312.2 million. The increase in both cases was necessitated by additional NPL classifications and the drop in collateral values arising from the weaker property and equity markets. Provisions resulting from the realignment of policy totaling RM444.8 million in respect of NPLs acquired from the merged institutions were also another contributory factor in Malaysia. However this cost was met substantially through the write-back of RM439.8 million in General Provisions.

Aseambankers loan loss provisions more than tripled to RM219.4 million. This was due to most of its distressed corporate portfolio being negatively impacted by the slower growth. At Mayban Finance, there was a lower charge RM374.4 million in the year compared to RM519.8 million in FY 2000 due to the slower increase in risk weighted assets. Consequently, the amount required for general provisions was reduced by approximately RM110.0 million.

The additional charges raised total provisions to RM8,675.2 million for the Group and RM6,567.8 million for the Bank. As a percentage of net loans, cumulative General Provisions amounted to 2.91% for the Group and 2.61% at the Bank compared to the statutory requirement of 1.5%.

Non Performing Loans Total outstanding NPL of the Group based on the 3 month classification stood at RM15,775.2 million at end June 2001 compared to RM9,579.6 million in June 2000. The Bank accounted for RM11,698.5 million or 74.2% of this total. At the Bank level, RM3,752.4 million (after realignment) or 32.1% was inherited from the merged institutions.

Notwithstanding the NPL's arising from the mergers, the increase in outstanding NPL both at the Group and Bank is also attributed to slower recoveries as a result of protracted debt restructuring efforts, the classification of facilities previously identified as being vulnerable and the weak equity market. The Gross NPL ratio of the Group stood at 14.5% and 13.7% for the Bank. On a net basis the respective ratios were 7.7% and 7.0%.

Due to the rising incidence of NPL's, the reserve cover (excluding collateral value) of the Group and Bank declined from 78.8% and 90.4% respectively to 64.0% and 65.5%. This compares favourably to 39.1% for commercial banks and 38.4% for the banking system.

Taxation The effective tax rate of the Group rose to 47.1% from 35.7% in FY 2000 due to the absence of Group relief particularly in respect of the losses incurred by some of the subsidiaries. A second consideration was the complete disallowance of tax relief on interest suspended where in FY 2000, a 100% relief was granted. Due to the latter, the effective tax rate of the Bank also increased to 37.2% compared to 33.9% in FY 2000. ■

Statement Of Directors' Responsibility In Respect Of The Audited Financial Statements

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Bank and the Group at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- considered the applicable approved Malaysian accounting standards
- adopted and consistently applied appropriate accounting policies
- made judgements and estimates that are prudent and reasonable

The Directors have responsibility for ensuring that the Bank and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Bank and the Group and which enable them to ensure the financial statements comply with the Companies Act 1965.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Bank and the Group and to prevent and detect fraud and other irregularities.

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The directors hereby submit their report together with the audited financial statements of the Bank and of the Group for the financial year ended 30 June, 2001.

PRINCIPAL ACTIVITIES

The Bank is principally engaged in the business of banking in all its aspects which also include Islamic Banking Scheme operations.

The principal activities of the subsidiary companies are described in Note 10 to the financial statements.

There were no significant changes in these activities during the financial year.

RESULTS

	Group RM'000	Bank RM'000
Net profit for the year	839,641	901,111

DIVIDENDS

The amount of dividends paid or declared by the Bank since 30 June, 2000 were as follows:

	RM'000
In respect of the financial year ended 30 June, 2000	
Final ordinary dividend of 13% on 2,337,975,214 ordinary shares less 28% taxation paid on 22 November, 2000 (include dividends amounting to RM797,192 paid on shares issued on the exercise of options under ESOS)	219,632
In respect of the financial year ended 30 June, 2001	
Interim ordinary dividend of 5% on 2,351,067,028 ordinary shares less 28% taxation paid on 31 March, 2001	84,638

The directors recommend a final ordinary dividend of 7% on 2,352,225,214 ordinary shares less 28% taxation, amounting to RM118,552,151 in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off as bad debts or provided for as doubtful debts in the financial statements of the Bank and of the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Bank and of the Group have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Bank and of the Group misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Bank and of the Group misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(a) any charge on the assets of the Bank or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Bank or of the Group which has arisen since the end of the financial year other than those arising in the normal course of business of the Bank and of the Group.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Bank or of the Group to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Bank or of the Group which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Bank and of the Group during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Bank or of the Group for the financial year in which this report is made.

SIGNIFICANT EVENTS

The significant events during the financial year are as disclosed in Note 34 to the financial statements.

MAYBANK GROUP EMPLOYEE SHARE OPTION SCHEME

Under the Maybank Group Employee Share Option Scheme (ESOS or the Scheme) approved by the shareholders,

(a) The maximum number of new shares which may be available under the ESOS shall be eight point seven five percent (8.75%) or a higher percentage, as may be allowed by the relevant authorities, of the enlarged issued and paid-up share capital of the Bank during the existence of the Scheme.

(b) The eligible persons are employees of the Group who have served the Group for a continuous period of at least twenty four (24) months as at the Date of Offer and directors who hold office in executive capacities in the Group. The eligibility for participation in the Scheme shall be at the absolute discretion of the ESOS Committee appointed by the Board of Directors.

(c) The number of shares to be offered shall not be less than two hundred (200) ordinary shares and up to a maximum of five hundred thousand (500,000) ordinary shares.

(d) The Option period is for five (5) years and shall expire on 22 June, 2003.

MAYBANK GROUP EMPLOYEE SHARE OPTION SCHEME (cont'd)

(e) The Option price shall be the average of the mean market quotation (computed as the average of the highest and lowest prices transacted) as shown in the daily official list issued by the Kuala Lumpur Stock Exchange (KLSE) for the five (5) preceding market days prior to the Date of Offer or at RM1 whichever is the higher.

(f) The shares to be allotted upon any exercise of the Option will, upon allotment, rank pari passu in all respects with the then existing issued shares of the Bank.

The movement in the options to take up unissued new ordinary shares of RM1 each and the option price are as follows:

Option Price RM	At 1 July, 2000	Granted	* Retracted	Exercised	At 30 June, 2001
4.42	43,407,200	–	(315,800)	(13,005,400)	30,086,000
6.83	4,836,600	–	(48,000)	(1,056,600)	3,732,000
12.75	5,616,600	–	(190,400)	(185,800)	5,240,400
16.25	4,478,600	–	(247,200)	(600)	4,230,800
14.19	–	2,927,400	(64,200)	(1,000)	2,862,200
9.79	–	2,557,600	(17,400)	(600)	2,539,600

* due to resignations or offers not taken up

SHARE CAPITAL

During the financial year, the Bank increased its issued and paid-up share capital from RM2,337,975,214 to RM2,352,225,214 through the issues of 14,250,000 new ordinary shares of RM1 each to eligible persons who exercised their options under the ESOS for cash.

DIRECTORS

The directors who served since the date of the last report are:

Tan Sri Mohamed Basir bin Ahmad (Chairman)
Dato' Richard Ho Ung Hun (Vice-Chairman)
Datuk Amirsham A Aziz (Managing Director)
Dato' Ismail Shahudin (Executive Director)
Dato' Mohammed bin Haji Che Hussein (Executive Director) - appointed on 1 November, 2000
Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali
Mohammad bin Abdullah
Dato' Mohd Hilmey bin Mohd Taib
Haji Mohd. Hashir bin Haji Abdullah
Teh Soon Poh
Datuk Haji Abdul Rahman bin Mohd Ramli

Mohammad bin Abdullah, Dato' Mohd Hilmey bin Mohd Taib and Teh Soon Poh retire by rotation in accordance with Article 96 of the Bank's Articles of Association and, being eligible, offer themselves for re-election.

Dato' Mohammed bin Haji Che Hussein retires in accordance with Article 100 of the Bank's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS (cont'd)

Dato' Richard Ho Ung Hun retires pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for his re-appointment as director under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Bank.

Datuk Amirsham A Aziz is under a contract of employment and therefore, he is not subject to retirement by rotation.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Bank or its subsidiaries is a party with the object of enabling directors of the Bank to acquire benefits by means of the acquisition of shares in or debentures of the Bank or any other body corporate, other than the share options granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors, or the fixed salary of a full time employee of the Bank as disclosed in Note 23 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and share options in the Bank during the financial year were as follows:

	Number of Ordinary Shares of RM1 each			
	1 July, 2000/ At date of appointment	Bought	Sold	30 June, 2001
Tan Sri Mohamed Basir bin Ahmad	12,000	–	–	12,000
Datuk Amirsham A Aziz	39,000	–	–	39,000
Dato' Ismail Shahudin	5,000	–	–	5,000
Dato' Mohammed bin Haji Che Hussein	1,600	–	–	1,600
Teh Soon Poh	3,504	–	–	3,504

		Number of Options Over Ordinary Share of RM1 each			
	Option price RM	1 July, 2000/ At date of appointment	Granted	Exercised	30 June, 2001
Datuk Amirsham A Aziz	4.42	135,000	–	–	135,000
	12.75	10,000	–	–	10,000
Dato' Ismail Shahudin	4.42	50,000	–	–	50,000
	6.83	8,000	–	–	8,000
	14.19	–	8,000	–	8,000
Dato' Mohammed bin Haji Che Hussein	4.42	114,000	–	–	114,000
	16.25	8,000	–	–	8,000

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

NUMBER OF EMPLOYEES AND PRINCIPAL PLACE OF BUSINESS

The number of employees in the Bank and the Group at the end of the year were 13,809 (2000 : 11,875) and 19,411 (2000 : 16,464) respectively. The principal place of business of the Bank is located at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur.

RATING BY EXTERNAL RATING AGENCIES

Details of the Bank's ratings are as follows:

Rating Agency	Date	Rating Classification	Rating Received
Moody's Investors Service	12 May, 2001	• Long-term deposits	Baa 3
		• Short-term deposits	P-3
		• Subordinated long term debts	Baa 2
		• Financial strength rating	C-
		• Outlook	Stable
Standard & Poor's	11 July, 2001	• Long-term counterparty	BBB-
		• Short-term counterparty	A-3
		• Subordinated notes	BB+
		• Outlook	Positive
Rating Agency Malaysia Berhad	19 March, 2001	• Long-term	AA1
		• Short-term	P1
		• Subordinated bonds	AA2 (Long-term)

BUSINESS OUTLOOK

With the expected improvement in the country's economy during the coming financial year, the Group anticipates its business environment to be more conducive and this together with the initiatives undertaken to improve productivity and efficiency will further enhance the Group's leadership and standing in the industry.

AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board
in accordance with a resolution
of the directors

TAN SRI MOHAMED BASIR BIN AHMAD

AMIRSHAM A AZIZ

Kuala Lumpur
29 August, 2001

We, **TAN SRI MOHAMED BASIR BIN AHMAD** and **AMIRSHAM A AZIZ**, being two of the directors of **MALAYAN BANKING BERHAD**, do hereby state that, in the opinion of the directors, the financial statements set out on pages 53 to 114 give a true and fair view of the state of affairs of the Bank and of the Group as at 30 June, 2001 and of their results and cash flows for the year then ended, and have been properly drawn up in accordance with applicable approved accounting standards in Malaysia.

Signed on behalf of the Board
in accordance with a resolution
of the directors

TAN SRI MOHAMED BASIR BIN AHMAD

AMIRSHAM A AZIZ

Kuala Lumpur
29 August, 2001

I, **ISMAIL SHAHUDIN**, the director primarily responsible for the financial management of **MALAYAN BANKING BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 53 to 114 are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, I960.

Subscribed and solemnly declared by the)
abovenamed **ISMAIL SHAHUDIN** at Kuala)
Lumpur in Wilayah Persekutuan)
on 29 August, 2001)

ISMAIL SHAHUDIN

Before me:

Commissioner for Oaths

AUDITORS' REPORT TO THE SHAREHOLDERS OF MALAYAN BANKING BERHAD

We have audited the financial statements set out on pages 53 to 114. These financial statements are the responsibility of the Bank's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and applicable approved accounting standards in Malaysia and give a true and fair view of:

  (i) the state of affairs of the Bank and the Group as at 30 June, 2001 and of the results and cash flows for the year then ended; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements;

(b) the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 10 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.
No. AF 0103
Public Accountants

Dato' Haji Zainal Abidin Putih
No. 575/03/02(J/PH)
Partner of the Firm

Kuala Lumpur
29 August, 2001

BALANCE SHEETS - AS AT 30 JUNE, 2001

	Note	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
ASSETS					
Cash and short-term funds	3	**12,647,952**	16,191,825	**10,449,003**	13,038,751
Deposits and placements with banks and other financial institutions	4	**5,133,866**	5,657,904	**5,968,728**	5,235,991
Securities purchased under resale agreements		**175,376**	178,435	**142,890**	123,721
Dealing securities	5	**1,302,103**	875,561	**295,528**	1,402
Investment securities	6	**21,274,012**	18,587,662	**13,466,817**	11,918,578
Loans and advances	7	**92,653,993**	79,177,598	**74,574,624**	61,003,926
Other assets	8	**1,900,830**	1,977,375	**922,817**	1,063,239
Statutory deposit with Central Banks	9	**3,326,793**	2,608,060	**2,571,380**	1,855,797
Investment in subsidiary companies	10	**–**	–	**2,087,950**	1,766,546
Investment in associated companies	11	**18,021**	13,366	**8,840**	6,180
Property, plant and equipment	12	**1,417,961**	1,142,222	**984,903**	792,196
Life fund assets	36	**1,046,384**	662,093	**–**	–
TOTAL ASSETS		**140,897,291**	127,072,101	**111,473,480**	96,806,327
LIABILITIES AND SHAREHOLDERS' FUNDS					
Deposits from customers	13	**96,484,630**	81,866,589	**77,394,526**	60,260,443
Deposits and placements of banks and other financial institutions	14	**19,088,782**	20,090,516	**12,268,865**	15,851,025
Obligations on securities sold under repurchase agreements		**3,638,837**	3,948,241	**3,688,837**	3,774,359
Bills and acceptances payable		**4,637,044**	5,434,048	**5,459,899**	5,365,290
Other liabilities	15	**4,093,910**	3,494,154	**2,463,442**	1,852,409
Subordinated obligations	16	**1,560,000**	950,000	**1,560,000**	950,000
Life fund liabilities	36	**81,305**	56,291	**–**	–
Life policy holders' funds	36	**965,079**	605,802	**–**	–
TOTAL LIABILITIES		**130,549,587**	116,445,641	**102,835,569**	88,053,526
Share capital	17	**2,352,225**	2,337,975	**2,352,225**	2,337,975
Reserves	18	**7,688,132**	8,021,746	**6,285,686**	6,414,826
Shareholders' funds		**10,040,357**	10,359,721	**8,637,911**	8,752,801
MINORITY INTERESTS		**307,347**	266,739	**–**	–
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		**140,897,291**	127,072,101	**111,473,480**	96,806,327
COMMITMENTS AND CONTINGENCIES	30	**77,865,195**	62,670,114	**67,911,342**	53,671,268

The accompanying notes are an integral part of these balance sheets.

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2001

	Note	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
Interest income	19	**7,920,790**	7,566,100	**5,519,419**	5,135,764
Interest expense	20	**(3,925,721)**	(3,769,139)	**(2,750,766)**	(2,572,534)
Net interest income		**3,995,069**	3,796,961	**2,768,653**	2,563,230
Income from Islamic Banking Scheme operation	35(i)	**306,351**	187,166	**170,525**	93,162
		4,301,420	3,984,127	**2,939,178**	2,656,392
Non-interest income	21	**1,320,555**	1,266,794	**1,257,331**	852,277
		5,621,975	5,250,921	**4,196,509**	3,508,669
Overhead expenses	22	**(2,117,955)**	(1,593,749)	**(1,448,839)**	(1,114,650)
Operating profit		**3,504,020**	3,657,172	**2,747,670**	2,394,019
Loan loss and provision	24	**(1,995,449)**	(1,522,327)	**(1,312,210)**	(849,618)
Share of profits in associated companies		**1,381**	2,643	**–**	–
Profit before taxation		**1,509,952**	2,137,488	**1,435,460**	1,544,401
Taxation	26	**(711,170)**	(763,525)	**(534,349)**	(523,896)
Net profit from ordinary activities		**798,782**	1,373,963	**901,111**	1,020,505
Minority interests		**40,859**	(13,558)	**–**	–
Net profit for the year		**839,641**	1,360,405	**901,111**	1,020,505
Earnings per share					
- Basic	29	**35.8 sen**	58.4 sen	**38.4 sen**	43.8 sen
- Fully diluted	29	**35.4 sen**	57.4 sen	**38.0 sen**	43.1 sen
Dividends per share, net of income tax					
- Interim dividend	28	**3.6 sen**	3.6 sen	**3.6 sen**	3.6 sen
- Final dividend	28	**5.0 sen**	9.4 sen	**5.0 sen**	9.4 sen

The accompanying notes are an integral part of these statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2001

	Non-distributable					Distributable		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	General Reserve RM'000	Retained Profits RM'000	Total RM'000
Group								
At 1.7.1999	2,308,661	77,720	2,475,373	15,250	125,718	2,978,515	1,235,883	9,217,120
Currency translation differences	–	–	670	–	(27,687)	(1,500)	–	(28,517)
Goodwill written off	–	–	–	–	–	(24,481)	–	(24,481)
Dilution arising from issue of new shares in subsidiary companies	–	–	–	–	–	–	(4,032)	(4,032)
Net gains/(losses) not recognised in the income statement	–	–	670	–	(27,687)	(25,981)	(4,032)	(57,030)
Net profit for the year	–	–	–	–	–	–	1,360,405	1,360,405
Transfer to statutory reserve	–	–	319,729	–	–	–	(319,729)	–
Transfer to general reserve	–	–	–	–	–	339,000	(339,000)	–
Issue of shares	29,314	114,029	–	–	–	–	–	143,343
Dividends (Note 28)	–	–	–	–	–	–	(304,117)	(304,117)
At 30.6.2000	2,337,975	191,749	2,795,772	15,250	98,031	3,291,534	1,629,410	10,359,721
Currency translation differences	–	–	–	–	(89,406)	(2,252)	–	(91,658)
Goodwill written off	–	–	–	–	–	(923,068)	–	(923,068)
Dilution arising from issue of new shares in subsidiary companies	–	–	–	–	–	–	(7,391)	(7,391)
Net losses not recognised in the income statement	–	–	–	–	(89,406)	(925,320)	(7,391)	(1,022,117)
Net profit for the year	–	–	–	–	–	–	839,641	839,641
Transfer to statutory reserve	–	–	177,647	–	–	–	(177,647)	–
Transfer from general reserve	–	–	–	–	–	(2,366,214)	2,366,214	–
Issue of shares	14,250	52,849	–	–	–	–	–	67,099
Dividends (Note 28)	–	–	–	–	–	–	(203,987)	(203,987)
At 30.6.2001	2,352,225	244,598	2,973,419	15,250	8,625	–	4,446,240	10,040,357

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2001 (CONT'D)

	Non-distributable				Distributable		
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Exchange Fluctuation Reserve RM'000	General Reserve RM'000	Retained Profits RM'000	Total RM'000
Bank							
At 1.7.1999	2,308,661	77,720	1,977,828	91,611	2,711,120	729,824	7,896,764
Currency translation differences	–	–	–	(3,694)	–	–	(3,694)
Net losses not recognised in the income statement	–	–	–	(3,694)	–	–	(3,694)
Net profit for the year	–	–	–	–	–	1,020,505	1,020,505
Transfer to statutory reserve	–	–	256,000	–	–	(256,000)	–
Transfer to general reserve	–	–	–	–	205,000	(205,000)	–
Issue of shares	29,314	114,029	–	–	–	–	143,343
Dividends (Note 28)	–	–	–	–	–	(304,117)	(304,117)
At 30.6.2000	2,337,975	191,749	2,233,828	87,917	2,916,120	985,212	8,752,801
Currency translation differences	–	–	–	(38,021)	–	–	(38,021)
Goodwill on acquisition written off	–	–	–	–	(841,092)	–	(841,092)
Net losses not recognised in the income statement	–	–	–	(38,021)	(841,092)	–	(879,113)
Net profit for the year	–	–	–	–	–	901,111	901,111
Transfer to statutory reserve	–	–	118,397	–	–	(118,397)	–
Transfer from general reserve	–	–	–	–	(2,075,028)	2,075,028	–
Issue of shares	14,250	52,849	–	–	–	–	67,099
Dividends (Note 28)	–	–	–	–	–	(203,987)	(203,987)
At 30.6.2001	2,352,225	244,598	2,352,225	49,896	–	3,638,967	8,637,911

The accompanying notes are an integral part of these statements.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2001

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	**1,509,952**	2,137,488	**1,435,460**	1,544,401
Adjustment for:				
Exchange fluctuation	**16,576**	(147,128)	**(31,633)**	(133,239)
Share of profits retained in associated companies	**(1,381)**	(2,643)	**–**	–
Depreciation	**191,133**	119,352	**133,097**	85,872
Net gain on disposal of investment securities	**(131,810)**	–	**(93,340)**	(55,634)
Net gain on disposal of subsidiary companies	**(232,492)**	–	**(257,389)**	–
Net gain on disposal of property, plant and equipment	**(1,848)**	(1,191)	**167**	(597)
Gain on disposal of foreclosed properties	**(799)**	(751)	**–**	–
Amortisation of premiums less accretion of discounts of investment securities	**931**	(27,910)	**17,935**	21,475
Provision for diminution in value of investment securities	**278,456**	48,887	**150,616**	25,960
Loan loss and provision	**2,204,816**	1,606,273	**1,399,172**	872,344
Provision for doubtful debts - other debtors	**29,383**	6,359	**–**	–
Interest/income in suspense	**1,263,394**	1,051,535	**777,190**	591,504
Dividend income	**(15,232)**	(9,574)	**(272,556)**	(114,632)
Property, plant and equipment written off	**2,836**	2,260	**513**	–
Transfer of life fund surplus	**(7,000)**	(3,100)	**–**	–
Amortisation of trading rights	**61**	–	**–**	–
Operating profit before working capital changes	**5,106,976**	4,779,857	**3,259,232**	2,837,454
Decrease/(increase) in securities purchased under resale agreements	**3,060**	(76,441)	**(19,168)**	(36,714)
Decrease/(increase) in deposits and placements with banks and other financial institutions	**2,818,393**	(830,399)	**1,394,000**	(786,551)
Decrease/(increase) in dealing securities	**380,158**	(675,261)	**509,574**	72,265
Increase in loans and advances	**(6,283,300)**	(6,136,275)	**(5,038,248)**	(5,580,934)
Increase/(decrease) in other assets	**1,556,124**	24,280	**958,066**	(105,933)
(Decrease)/increase in statutory deposits with Central Banks	**(256,203)**	53,475	**(275,520)**	46,969
(Decrease)/increase in deposits from customers	**(96,059)**	4,315,580	**3,419,272**	2,679,364
(Decrease)/increase in deposits and placements of banks and other financial institutions	**(2,427,271)**	2,838,266	**(4,954,798)**	4,427,651
(Decrease)/increase in obligations on securities sold under repurchase agreements	**(309,404)**	817,201	**(85,521)**	1,303,181
(Decrease)/increase in bills and acceptances payable	**(1,212,867)**	681,957	**(555,049)**	743,484
Decrease in other liabilities	**(726,503)**	(371,436)	**(172,493)**	(296,969)
(Increase)/decrease in life fund assets	**(384,291)**	217,802	**–**	–
Increase/(decrease) in life fund liabilities and policyholders' funds	**391,291**	(214,702)	**–**	–
Cash (used in)/generated from operations	**(1,439,896)**	5,423,904	**(1,560,653)**	5,303,267
Taxes paid	**(571,275)**	(135,518)	**(376,538)**	(161,197)
Net cash (used in)/generated from operating activities	**(2,011,171)**	5,288,386	**(1,937,191)**	5,142,070

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase)/sale of investment securities - net	**(1,109,507)**	1,825,413	**(429,162)**	(517,076)
Purchase of property, plant and equipment	**(448,860)**	(228,473)	**(208,514)**	(164,742)
Acquisition of subsidiary companies/net assets, net of cash acquired *	**(563,871)**	(103,461)	**(290,927)**	–
Purchase of shares in subsidiary companies	**(156,187)**	–	**(424,182)**	(21,325)
Share of profit from associated companies	**587**	1,404	**–**	–
Acquisition of shares of associated companies	**(3,223)**	–	**(2,660)**	–
Disposal of shares in subsidiary companies, net of cash disposed	**339,016**	–	**360,167**	–
Proceeds from disposal of property, plant and equipment	**153,042**	6,340	**1,102**	12,718
Dividend received	**15,232**	9,574	**196,240**	114,632
Net cash (used in)/generated from investing activities	**(1,773,771)**	1,510,797	**(797,936)**	(575,793)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of subordinated obligations	**610,000**	–	**610,000**	–
Proceeds from issuance of shares	**67,099**	143,343	**67,099**	143,343
Loan repayment of subordinated obligations	**–**	(680,000)	**–**	(680,000)
Dividend paid	**(304,270)**	(234,883)	**(422,822)**	(234,883)
Dividends paid to minority interest	**(17,588)**	(17,082)	**–**	–
Net cash generated from/(used in) financing activities	**355,241**	(788,622)	**254,277**	(771,540)
Net (decrease)/increase in cash and cash equivalent	**(3,429,701)**	6,010,561	**(2,480,850)**	3,794,737
Cash and cash equivalents at beginning of year	**16,077,653**	10,181,264	**12,929,853**	9,244,014
	12,647,952	16,191,825	**10,449,003**	13,038,751
Cash and cash equivalents comprise				
Cash and short-term funds, as previously reported	**12,647,952**	16,191,825	**10,449,003**	13,038,751
Effects of exchange rate changes	**–**	(114,172)	**–**	(108,898)
As restated	**12,647,952**	16,077,653	**10,449,003**	12,929,853

SUMMARY OF EFFECT OF THE ACQUISITIONS OF SUBSIDIARY COMPANIES/NET ASSETS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
*Acquisition of subsidiary companies/net assets:				
Cash and short-term funds	**2,119,539**	9,666	**2,070,107**	–
Deposits and placements with banks and other financial institutions	**2,294,355**	123,034	**2,126,737**	–
Dealing securities	**806,700**	–	**803,700**	–
Investment securities	**1,724,420**	111,275	**1,546,485**	–
Investment in subsidiary company	**–**	–	**31**	–
Investment in associated company	**1,431**	–	**–**	–
Loans and advances	**10,661,305**	284	**10,106,276**	–
Other assets	**1,506,507**	26,079	**643,662**	–
Statutory deposits with Bank Negara Malaysia	**462,530**	–	**440,063**	–
Property, plant and equipment	**172,447**	3,278	**114,227**	–
Deposits from customers	**(14,714,098)**	–	**(13,714,811)**	–
Deposits and placements of banks and other financial institutions	**(1,425,536)**	–	**(1,372,638)**	–
Bills and acceptances payable	**(415,862)**	–	**(415,862)**	–
Other liabilities	**(1,370,674)**	(165,819)	**(828,034)**	–
Minority interest	**–**	(19,151)	**–**	–
Net assets acquired	**1,823,064**	88,646	**1,519,943**	–
Goodwill on acquisitions	**860,346**	24,481	**841,091**	–
Purchase consideration	**2,683,410**	113,127	**2,361,034**	–
Less: Cash and short-term funds acquired	**(2,119,539)**	(9,666)	**(2,070,107)**	–
Net cash used in acquisition of subsidiary companies	**563,871**	103,461	**290,927**	–

The effect of the acquisitions on the financial results of the Group from the date of acquisition to 30 June, 2001 was as follow:

	RM '000
Revenue	3,476
Profit after taxation	(16,182)

Effect of acquisitions of certain subsidiary companies on the financial position of the Group as at 30 June, 2001 is not presented as the net assets of these subsidiary companies were transferred to the Bank and its existing subsidiary companies subsequent to their acquisitions.

The accompanying notes are an integral part of these statements.

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Bank and of the Group have been prepared in accordance with the provisions of the Companies Act, 1965, Bank Negara Malaysia Guidelines and applicable approved accounting standards in Malaysia. The financial statements incorporate those activities relating to Islamic Banking Scheme (IBS) which have been undertaken by the Bank and the Group.

IBS refers generally to the acceptance of deposits and granting of financing under the Syariah principles.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Bank and of the Group are prepared under the historical cost convention.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Bank and all its subsidiaries. Companies acquired or disposed during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Intragroup transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

(c) Goodwill/Reserve Arising on Consolidation/Acquisition

The difference of the purchase price over the fair value of the net assets at the date of acquisition is included in the balance sheet as goodwill or reserve arising on consolidation/acquisition. Goodwill or reserve arising on consolidation/acquisition is written off in full against retained profits.

(d) Subsidiary Companies

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Investment in subsidiary companies are stated at cost less provision for any permanent diminution in value.

(e) Associated Companies

The Group treats as associated companies those companies in which the Group has a long term equity interest and where it exercises significant influence through management participation.

The Group's share of post acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits and reserves.

Investment in associated companies are stated at cost less provision for any permanent diminution in value.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Dealing Securities

Dealing securities are marketable securities that are acquired and held with the intention of resale in the short term and are stated at the lower of cost and market value on portfolio basis.

Transfers, if any, between dealing and investment securities are made at the lower of cost and market value.

(g) Investment Securities

Investment securities are securities that are acquired and held for yield or capital growth or to meet minimum liquid assets requirement pursuant to Section 38 of the Banking and Financial Institutions Act, 1989 and are usually held to maturity.

Malaysian government securities, Malaysian government investment issues, Malaysian government floating rate notes, Cagamas bonds and other government securities are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates.

Unquoted bonds are stated at cost adjusted for amortisation of premium or accretion of discount, where applicable, to maturity dates. Provision is made for permanent diminution in value where considered appropriate.

Other investments are stated at cost. Provision is made for permanent diminution in value where considered appropriate.

(h) Provision for Doubtful Debts

Specific provisions are made for doubtful debts which have been individually reviewed and specifically identified as bad and doubtful.

In previous financial years, no value has been placed for plant and machineries pledged to the Group for the purpose of making specific provisions. With effect from the current financial year, plant and machineries will be assigned values based on their estimated realisable value as supported by professional valuations. The effect on the financial statements of this change is a decrease in specific provision for the Bank and the Group of RM228.3 million and RM280.4 million respectively.

In addition, a general provision based on a certain percentage of total risk weighted assets, which takes into account all balance sheet items and their perceived risk levels, is maintained.

(i) Amount Recoverable from Pengurusan Danaharta Nasional Berhad (Danaharta)

This relates to the loans sold to Danaharta where the total consideration is received in two portions; upon the sale of the loans (initial consideration) and upon the recovery of the loans (final consideration). The final consideration amount represents the Bank's predetermined share of the surplus over the initial consideration upon recovery of the loans.

The difference between the carrying value of the loans and the initial consideration is recognised as "amount recoverable from Danaharta" within the "other assets" component of the balance sheet. Provisions against these amounts are made to reflect the directors' assessment of the realisable value of the final consideration as at the balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated. Leasehold land is depreciated over the period of the lease.

Depreciation of other property, plant and equipment is provided on a straight line basis over the following estimated useful lives:

Buildings on freehold land	Over 50 years
Buildings on leasehold land	50 years or remaining life of the lease, whichever is shorter
Office furniture, fittings, equipment and renovations	10%-25%
Computer and peripherals	14%-25%
Electrical and security equipment	8%-25%
Motor vehicles	20%-25%

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amounts are estimated. Impairment loss is charged to the income statement as soon as foreseeable. Conversely, the impairment loss will be reversed up to the cumulative amount charged to the income statement, once the indicator for impairment cease to exist.

(k) Investment Properties

Investment properties are stated at cost and include related and incidental expenditure incurred. Investment properties are not depreciated.

The carrying amount of investment properties are reduced to recognise impairment loss, if any.

The carrying amounts of investment properties are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amounts are estimated. Impairment loss is charged to the income statement as soon as foreseeable. Conversely, the impairment loss will be reversed up to the cumulative amount charged to the income statement, once the indicator for impairment cease to exist.

(l) Repurchase Agreements

Securities purchased under resale agreements are securities which the Group had purchased with a commitment to resell at future dates. The commitment to resell the securities is reflected as an asset on the balance sheet.

Conversely, obligations on securities sold under repurchase agreements are securities which the Group had sold from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as a liability on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Bills and Acceptances Payable

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market.

(n) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future. However, where the timing differences give rise to deferred tax benefits, these net benefits are not recognised.

(o) Insurance Fund

The life assurance fund is based on the actuarial valuation of the fund made up to 30 June, 2001.

(p) Unearned Premium Reserves

Unearned Premium Reserves represents the portion of the net premiums of insurance policies written that relate to the unexpired periods of policies at the end of the financial year. Reserves for unearned premiums is determined in accordance with the method as prescribed by Bank Negara Malaysia under Guidelines JPI/GP1 3 and Circular JPI 7/1994 as follows:

- 25% method for marine cargo and aviation cargo, and transit business;

- 1/24th method for fire, engineering and marine hull with a deduction of 15%, bonds (until 31 May, 2000) and motor with a deduction of 10% and all other classes of business with a deduction of 20% or actual commission incurred, whichever is lower;

- 1/8th method for all classes of overseas inward treaty business;

- 100% method for bonds (effective from 1 June, 2000), with a deduction of 10% for commission.

(q) Provision for Outstanding Claims

For general insurance business, provision is made for the estimated costs of all claims incurred together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at balance sheet date. Provision is also made for the cost of claims together with related expenses incurred but not reported at balance sheet date based on an actuarial valuation by a qualified actuary, using a mathematical method of estimation using actual claims development pattern.

For life assurance business, provision is made for the estimated costs of all claims together with related expenses in respect of claims notified but not settled at balance sheet date using the case basis method.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Income Recognition

Interest income is recognised on an accrual basis.

Interest income on overdrafts, term loans and housing loans is accounted for on a straight line basis by reference to the rest periods as stipulated in the loan agreements. Interest income from hire-purchase, instalment sale financing, block discounting and leasing transactions is accounted for on the "sum-of-the-digits" method, whereby the income recognised for each month is obtained by multiplying the total income by a fraction whose numerator is the digit representing the remaining number of months and whose denominator is the sum of the digits representing the total number of months.

Where an account has turned non-performing, interest is suspended with retroactive adjustment made to the date of first default. Thereafter, interest on these accounts are recognised on a cash basis until such time as the accounts are no longer classified as non-performing. Customers' accounts are deemed to be non-performing where repayments are in arrears for three months.

Income from the Islamic banking business is recognised on the accrual basis in compliance with Bank Negara Malaysia's guidelines.

(s) Fee and Other Income Recognition

Loan arrangement, management and participation fees, factoring commissions, underwriting commissions and brokerage fees are recognised as income based on contractual arrangements. Guarantee fee is recognised as income upon issuance of the guarantee. Fees from advisory and corporate finance activities are recognised as income on completion of each stage of the assignment.

Dividends from dealing and investment securities are recognised when received.

Premiums from general insurance business are recognised as income on the date of assumption of risks and for inward treaty business on the date of the receipt of the accounts after setting aside reserves for unearned premium.

Premiums for life assurance business are recognised as income on assumption of risks and subsequent premiums are recognised on due dates. Premiums outstanding at balance sheet date are recognised as income for the period provided they are still within the grace period allowed for payment.

(t) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the balance sheet, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to an exchange fluctuation reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Currency Conversion and Translation (cont'd)

The exchange rates ruling at balance sheet date used are as follows:

	2001	2000
Singapore Dollars (SGD)	**2.0867**	2.2007
Hong Kong Dollars (HKD)	**0.4872**	0.4875
United States Dollars (USD)	**3.8000**	3.8000
Philippines Peso (Peso)	**0.0725**	0.0879
Indonesia Rupiah (IDR)	**0.0003**	0.0004
Papua New Guinea Kina (Kina)	**1.1495**	1.5637
Brunei Dollars (B$)	**2.0867**	2.2007
British Pound (£)	**5.3417**	5.7673

(u) Foreign Exchange Contracts

Foreign exchange trading positions, including spot and forward contracts, are revalued at prevailing market rates at balance sheet date and the resultant gains and losses are recognised in the income statement.

(v) Interest Rate Swaps and Futures Contracts

The Group uses interest rate swaps and futures contracts mainly in their overall interest rate risk management.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognised over the life of the swap agreement as a component of interest income or interest expense.

Gains and losses on interest rate swaps and futures contracts that do not qualify as hedges are recognised in the current year using mark-to-market method and are included in the income statement.

(w) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances and short-term funds with remaining maturity of less than one month.

3. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and balances with banks and other financial institutions	**12,119,160**	15,791,499	**10,449,003**	13,038,751
Money at call and deposit placements maturing within one month	**528,792**	400,326	**–**	–
	12,647,952	16,191,825	**10,449,003**	13,038,751

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Licensed banks	**4,775,561**	3,327,813	**4,511,822**	3,305,336
Licensed finance companies	**4,700**	143,408	**80,000**	220,000
Other financial institutions	**353,605**	2,186,683	**1,376,906**	1,710,655
	5,133,866	5,657,904	**5,968,728**	5,235,991

Included in deposit with other financial institutions is an amount of USD20,000,000 (2000 : USD20,000,000) or Ringgit Malaysia equivalent of RM76,000,000 (2000 : RM76,000,000) pledged with the New York State Banking Department in satisfaction of capital equivalency deposit requirements.

5. DEALING SECURITIES

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Money market instruments:				
Quoted:				
Malaysian government securities	**155,840**	60,400	**50,820**	–
Cagamas bonds	**199,782**	51,320	**159,228**	1,402
Foreign government securities	**37,561**	–	**37,561**	–
	393,183	111,720	**247,609**	1,402
Unquoted:				
Malaysian government treasury bills	**74,165**	7,445	**–**	–
Bank Negara Malaysia bills	**24,869**	24,844	**–**	–
Bankers' acceptances and Islamic accepted bills	**211,162**	305,136	**–**	–
Danamodal bonds	**188,979**	66,366	**–**	–
Cagamas notes	**19,971**	34,608	**–**	–
Private and Islamic debt securities	**376,859**	269,148	**57,141**	–
Others	**16,564**	34,093	**–**	–
	912,569	741,640	**57,141**	–
Other quoted securities:				
Shares and trust units quoted in Malaysia	**16,521**	22,201	**–**	–
	1,322,273	875,561	**304,750**	1,402
Provision for diminution in value of:				
Private and Islamic debt securities	**(9,222)**	–	**(9,222)**	–
Shares and trust units quoted in Malaysia	**(10,948)**	–	**–**	–
	(20,170)	–	**(9,222)**	–
	1,302,103	875,561	**295,528**	1,402

5. DEALING SECURITIES (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Market value of quoted securities:				
Malaysian government securities	**156,148**	60,450	**50,962**	–
Cagamas bonds	**200,067**	52,867	**159,529**	1,422
Foreign government securities	**38,944**	–	**38,944**	–
Shares and trust units quoted in Malaysia	**5,573**	26,690	**–**	–
	400,732	140,007	**249,435**	1,422
Indicative value of unquoted securities:				
Malaysian government treasury bills	**74,183**	7,456	**–**	–
Bank Negara Malaysia bills	**24,869**	24,856	**–**	–
Danamodal bonds	**188,980**	67,873	**–**	–
Cagamas notes	**19,968**	34,633	**–**	–
Private and Islamic debts securities	**368,758**	278,940	**46,826**	–
	676,758	413,758	**46,826**	–

6. INVESTMENT SECURITIES

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Money market instruments:				
Quoted:				
Malaysian government securities	**1,982,722**	3,440,986	**699,950**	987,293
Cagamas bonds	**913,184**	762,329	**373,724**	560,869
Foreign government securities	**1,086,274**	996,083	**1,086,046**	995,843
Private debt securities	–	25,153	**–**	–
	3,982,180	5,224,551	**2,159,720**	2,544,005
Unquoted:				
Malaysian government treasury bills	**318,325**	1,241,753	**313,490**	1,241,753
Malaysian government investment certificates and issues	**642,533**	182,026	**464,607**	84,118
Foreign government certificates	**92,577**	91,490	**–**	–
Cagamas notes	**472,441**	1,706,760	**393,250**	1,706,760
Bank Negara Malaysia bills	**1,517,268**	1,692,369	**1,517,268**	1,691,664
Foreign government treasury bills	**429,136**	377,175	**387,179**	293,286
Negotiable instruments of deposit	**3,513,993**	1,185,263	**2,887,006**	1,450,000
Bankers' acceptances and Islamic accepted bills	**2,801,924**	1,188,128	**541,863**	550,028
Private and Islamic debt securities	**3,891,460**	2,841,921	**2,240,383**	879,608
Danaharta bonds	**352,256**	191,464	**171,512**	53,138
Danamodal bonds	**242,623**	324,956	**46,824**	60,169
Other unquoted money market instruments	**2,987**	4,533	**–**	–
	14,277,523	11,027,838	**8,963,382**	8,010,524

6. INVESTMENT SECURITIES (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Total money market instruments	**18,259,703**	16,252,389	**11,123,102**	10,554,529
Other quoted securities:				
In Malaysia				
Shares, warrants and trust units	**708,060**	408,445	**373,396**	123,435
Floating rate notes	**372,887**	531,744	**239,892**	227,749
Private and Islamic debt securities	**70,270**	9,032	**–**	–
	1,151,217	949,221	**613,288**	351,184
Outside Malaysia				
Shares	**92,603**	33,632	**75,564**	27,890
Floating rate notes	**947,032**	815,819	**946,119**	815,819
	1,039,635	849,451	**1,021,683**	843,709
Total other quoted securities	**2,190,852**	1,798,672	**1,634,971**	1,194,893
Other unquoted securities:				
Shares and trust units	**267,748**	234,903	**237,212**	129,618
Private and Islamic debt securities	**345,171**	47,947	**81,685**	–
Commercial bills, bonds and notes	**962,089**	638,746	**958,288**	416,030
Total other unquoted securities	**1,575,008**	921,596	**1,277,185**	545,648
	22,025,563	18,972,657	**14,035,258**	12,295,070
Amortisation of premiums less accretion of discounts	**(9,194)**	(38,860)	**(51,048)**	(84,052)
	22,016,369	18,933,797	**13,984,210**	12,211,018
Provision for diminution in value of:				
Foreign government securities	**(471)**	(496)	**(471)**	(496)
Private and Islamic debt securities	**(162,535)**	(4,398)	**(72,148)**	(6,398)
Shares, warrants and trust units quoted in Malaysia	**(253,887)**	(66,071)	**(175,763)**	(30,495)
Commercial bills, bonds and notes	**(127,419)**	(110,784)	**(106,877)**	(108,580)
Shares quoted outside Malaysia	**(57,969)**	(22,039)	**(53,621)**	(20,383)
Floating rate notes				
- outside Malaysia	**(109,976)**	(126,088)	**(107,481)**	(126,088)
Unquoted shares and trust units	**(30,100)**	(16,259)	**(1,032)**	–
	(742,357)	(346,135)	**(517,393)**	(292,440)
	21,274,012	18,587,662	**13,466,817**	11,918,578

6. INVESTMENT SECURITIES (cont'd)

(i) Market value of securities:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Malaysian government securities	**1,974,037**	3,393,442	**662,902**	928,410
Cagamas bonds	**924,176**	767,080	**381,037**	565,591
Foreign government securities	**1,103,049**	995,307	**1,102,824**	995,071
Private debts securities				
- Money market	**–**	31,880	**–**	–
- Other quoted securities	**38,946**	10,038	**–**	–
Shares, warrants and trust units quoted in Malaysia	**471,506**	419,444	**198,510**	121,656
Floating rate notes				
- Quoted in Malaysia	**419,566**	511,661	**289,528**	231,007
- Quoted outside Malaysia	**889,109**	723,483	**888,050**	723,483
Shares quoted outside Malaysia	**62,601**	43,987	**26,049**	19,869
	5,882,990	6,896,322	**3,548,900**	3,585,087

(ii) Indicative market value of unquoted securities:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Malaysian government treasury bills	**318,501**	1,243,732	**313,529**	1,243,732
Cagamas notes	**473,180**	1,707,555	**393,221**	1,707,555
Bank Negara Malaysia bills	**1,517,344**	1,691,766	**1,517,344**	1,691,766
Foreign government treasury bills	**429,292**	377,175	**387,335**	293,286
Private and Islamic debt securities	**3,650,075**	2,844,248	**2,142,860**	888,277
Danaharta bonds	**385,795**	232,622	**177,922**	53,427
Danamodal bonds	**255,067**	327,176	**46,859**	60,201
	7,029,254	8,424,274	**4,979,070**	5,938,244

(iii) The maturity structure of money market instruments held for investments are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Maturing within one year	**11,312,190**	10,085,917	**7,233,444**	8,133,210
One year to three years	**3,854,937**	2,280,254	**2,131,360**	1,253,011
Three years to five years	**1,683,043**	2,050,362	**727,154**	606,056
After five years	**1,409,533**	1,835,856	**1,031,144**	562,252
	18,259,703	16,252,389	**11,123,102**	10,554,529

7. LOANS AND ADVANCES

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Overdrafts	**16,324,708**	12,590,763	**16,320,094**	12,597,818
Term loans				
- fixed rate	**3,519,233**	3,704,516	**3,246,668**	3,519,380
- floating rate	**68,530,138**	54,849,612	**55,158,741**	42,077,633
Credit card receivables	**1,041,324**	859,003	**783,904**	644,968
Bills receivable	**540,156**	445,451	**541,676**	440,896
Trust receipts	**1,474,908**	1,202,027	**1,457,604**	1,183,989
Claims on customers under acceptance credits	**6,796,278**	5,933,698	**6,745,161**	5,861,713
Hire purchase and block discounting receivables	**10,606,367**	10,080,515	**1,497,693**	864,201
Floor stocking receivables	**95,548**	72,854	**42,057**	26,829
Lease receivables	**70,375**	54,004	**–**	–
Factored receivables	**21,940**	65,038	**21,935**	25,388
Staff loans	**702,580**	569,172	**612,026**	455,746
Housing loans to				
- directors of the Bank	**3**	76	**3**	76
- directors of subsidary companies	**1,530**	2,166	**1,530**	1,605
Others	**19,767**	15,012	**–**	1,951
	109,744,855	90,443,907	**86,429,092**	67,702,193
Unearned interest and income	**(6,193,880)**	(3,460,463)	**(3,622,381)**	(1,235,135)
Gross loans and advances	**103,550,975**	86,983,444	**82,806,711**	66,467,058
Provision for bad and doubtful debts				
- specific	**(5,728,153)**	(3,512,466)	**(4,500,564)**	(2,403,849)
- general	**(2,947,010)**	(3,076,320)	**(2,067,209)**	(2,285,910)
Interest/income-in-suspense	**(2,221,819)**	(1,217,060)	**(1,664,314)**	(773,373)
Net loans and advances	**92,653,993**	79,177,598	**74,574,624**	61,003,926

(i) Loans and advances analysed by their economic purposes are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Domestic operations:				
Agriculture	**2,138,221**	1,094,882	**2,061,825**	1,021,162
Mining and quarrying	**185,430**	230,497	**155,369**	203,119
Manufacturing	**13,771,221**	10,970,002	**13,139,455**	10,195,516
Electricity, gas and water	**2,517,340**	1,988,543	**2,505,288**	1,958,853
Construction	**6,706,487**	5,862,929	**5,636,326**	4,439,419
Real estate	**2,304,929**	1,212,891	**1,963,353**	771,301
Purchase of landed properties:				
- Residential	**15,790,490**	11,982,074	**11,895,745**	8,974,003
- Non-residential	**6,137,958**	4,667,792	**4,318,438**	3,122,982
- Less housing loans sold to Cagamas	**(4,303,170)**	(2,480,820)	**(2,520,350)**	(1,392,965)

7. LOANS AND ADVANCES (cont'd)

(i) Loans and advances analysed by their economic purposes are as follows: (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
General commerce	**6,505,775**	4,861,966	**5,778,340**	4,335,198
Transport, storage and communication	**2,064,730**	2,314,977	**1,941,821**	2,163,796
Finance, insurance and business service	**11,960,285**	10,487,669	**12,312,541**	10,071,983
Purchase of securities	**7,410,453**	6,921,968	**4,444,571**	3,905,131
Purchase of transport vehicles	**7,732,936**	6,703,099	**42,383**	12,636
- Less other loans sold to Cagamas	**(1,278,411)**	(848,651)	**–**	–
Consumption credit	**3,413,541**	2,742,504	**2,814,478**	2,336,476
Others	**4,232,736**	2,647,345	**3,980,397**	2,427,671
	87,290,951	71,359,667	**70,469,980**	54,546,281
Overseas operations:				
Singapore	**9,708,554**	9,398,090	**9,708,554**	9,398,090
Labuan Offshore	**3,342,486**	3,201,327	**–**	–
United States of America	**488,720**	461,059	**488,720**	461,059
United Kingdom	**216,142**	308,413	**216,142**	308,413
Hong Kong	**1,345,313**	1,155,771	**1,345,313**	1,155,771
Brunei	**335,527**	369,368	**335,527**	369,368
Vietnam	**192,793**	183,338	**192,793**	183,338
Cambodia	**45,684**	44,738	**45,684**	44,738
Papua New Guinea	**24,928**	23,192	**–**	–
Philippines	**326,031**	228,433	**–**	–
Indonesia	**229,848**	250,048	**–**	–
China	**3,998**	–	**3,998**	–
	16,260,024	15,623,777	**12,336,731**	11,920,777
	103,550,975	86,983,444	**82,806,711**	66,467,058

(ii) The maturity structure of loans and advances are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Maturity within one year	**48,263,964**	48,093,378	**44,792,239**	44,411,607
One year to three years	**9,826,276**	6,912,688	**6,662,659**	2,987,793
Three years to five years	**9,676,328**	8,585,704	**5,396,319**	4,386,075
After five years	**35,784,407**	23,391,674	**25,955,494**	14,681,583
	103,550,975	86,983,444	**82,806,711**	66,467,058

7. LOANS AND ADVANCES (cont'd)

(iii) Movements in the non-performing loans and advances (including interest and income receivable) are as follows:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Balance at beginning of year	**9,579,677**	8,885,309	**5,961,229**	5,368,299
Classified during the year	**9,769,348**	6,920,888	**6,639,441**	3,852,289
Recovered/regularised during the year	**(5,333,348)**	(4,541,165)	**(3,457,684)**	(2,487,463)
Amount written off	**(1,351,944)**	(1,607,249)	**(506,917)**	(720,287)
Transfer of non-performing loans upon acquisitions	**3,178,795**	118,935	**3,056,635**	–
Amount sold to Danaharta	**–**	(217,034)	**–**	(144,630)
Exchange differences and expenses (credited)/debited to customers' accounts	**(67,348)**	19,993	**5,791**	93,021
Balance at end of year	**15,775,180**	9,579,677	**11,698,495**	5,961,229
Ratio of net non-performing loans (including loans sold to Cagamas) less specific provision and interest/income-in-suspense	**7.74%**	5.64%	**6.99%**	4.29%

(iv) Movements in the provision for bad and doubtful debts and interest/income-in-suspense are as follows:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Specific provision				
Balance at beginning of year	**3,512,466**	3,593,101	**2,403,849**	2,445,919
Provision made during the year	**3,873,838**	2,111,876	**2,571,394**	1,094,411
Amount written back in respect of recoveries	**(1,318,804)**	(869,880)	**(745,385)**	(481,969)
Amount written off	**(954,003)**	(1,281,685)	**(326,152)**	(618,306)
Amount sold to Danaharta	**–**	(51,441)	**–**	(31,847)
Transfer to general provision	**(3,404)**	(1,827)	**(5,054)**	–
Transferred upon acquisitions	**632,979**	56,838	**611,321**	–
Exchange differences	**(14,919)**	(44,516)	**(9,409)**	(4,359)
Balance at end of year	**5,728,153**	3,512,466	**4,500,564**	2,403,849

7. LOANS AND ADVANCES (cont'd)

(iv) Movements in the provision for bad and doubtful debts and financing and interest/income-in-suspense are as follows: (cont'd)

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
General provision				
Balance at beginning of year	**3,076,320**	2,771,735	**2,285,910**	2,070,088
Provision made during the year	**86,801**	364,621	**–**	217,000
Amount written back	**(456,760)**	(68,764)	**(439,855)**	–
Transferred upon acquisitions	**227,335**	10,075	**215,326**	–
Transfer from specific provision	**3,404**	1,827	**5,054**	–
Exchange differences	**9,910**	(3,174)	**774**	(1,178)
Balance at end of year	**2,947,010**	3,076,320	**2,067,209**	2,285,910
As a percentage of total loans (including loans sold to Cagamas) less specific provision and interest/income-in-suspense	**2.91%**	3.52%	**2.61%**	3.50%
Interest/income-in-suspense				
Balance at beginning of year	**1,217,060**	962,390	**773,373**	642,057
Provision made during the year	**1,263,394**	1,051,535	**777,190**	591,504
Amount written back in respect of recoveries	**(572,148)**	(466,517)	**(346,526)**	(239,924)
Amount written off	**(341,824)**	(357,723)	**(175,712)**	(195,492)
Amount sold to Danaharta	**–**	(34,225)	**–**	(22,847)
Transferred upon acquisitions	**663,740**	63,357	**643,377**	–
Exchange differences	**(8,403)**	(1,757)	**(7,388)**	(1,925)
Balance at end of year	**2,221,819**	1,217,060	**1,664,314**	773,373

8. OTHER ASSETS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest receivable	**350,995**	481,843	**255,761**	417,592
Other debtors, deposits and prepayments	**1,439,666**	1,459,854	**652,017**	645,647
Foreclosed properties	**63,083**	16,081	**15,039**	–
Investment properties	**47,086**	19,597	**–**	–
Amount recoverable from Danaharta	**–**	–	**–**	–
	1,900,830	1,977,375	**922,817**	1,063,239
Amount recoverable from Danaharta				
Balance at beginning of year	**–**	–	**–**	–
Arising during the year	**–**	7,924	**–**	7,924
Transferred upon acquisitions	**29,687**	–	**29,687**	–
Provision made during the year	**(29,687)**	(7,924)	**(29,687)**	(7,924)
Balance at end of year	**–**	–	**–**	–

9. STATUTORY DEPOSITS WITH CENTRAL BANKS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
With Bank Negara Malaysia	**3,008,628**	2,318,622	**2,269,000**	1,586,000
With other Central Banks	**318,165**	289,438	**302,380**	269,797
	3,326,793	2,608,060	**2,571,380**	1,855,797

The non-interest-bearing statutory deposits maintained with Bank Negara Malaysia are in compliance with Section 37(1)(c) of the Central Bank of Malaysia Act, 1958, the amounts of which are determined as set percentages of total eligible liabilities. The statutory deposits of the foreign branches and subsidiary companies are denominated in foreign currencies and maintained with their respective Central Banks in compliance with the applicable legislation.

10. INVESTMENT IN SUBSIDIARY COMPANIES

	Bank	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost		
- In Malaysia	**1,503,635**	1,416,377
- Outside Malaysia	**584,315**	350,169
	2,087,950	1,766,546

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Details of the subsidiary companies are as follows:

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital 2001 RM	Issued and Paid-Up Share Capital 2000 RM	Effective Interest 2001 %	Effective Interest 2000 %
Banking						
* P.T. Bank Maybank Indocorp (formerly known as P.T. Bank Maybank Nusa International)	Banking	Indonesia	**340,774,000,000 (1)**	228,953,500,000 (1)	**91.2**	87.0
Maybank International (L) Ltd	Offshore Banking	Malaysia	**10,000,000 (2)**	10,000,000 (2)	**100**	100
** Maybank (PNG) Limited	Banking and Financial Services	Papua New Guinea	**5,000,000 (3)**	5,000,000 (3)	**100**	100
* Maybank Philippines, Incorporated	Banking	Philippines	**1,936,952,359 (4)**	1,770,356,139 (4)	**99.6**	60.0
Finance						
Mayban Finance Berhad	Finance Company	Malaysia	**551,250,000**	551,250,000	**100**	100
MFSL Limited	Ceased Operations	Singapore	**12,000,000 (5)**	12,000,000 (5)	**100**	100
Sifin Berhad (formerly known as SimeFinance Bhd)	Ceased Operations	Malaysia	**100,000,000**	100,000,000	**100**	–
Aseamlease Berhad	Leasing	Malaysia	**20,000,000**	20,000,000	**100**	72.3
PhileoAllied Credit & Leasing Sdn Bhd	Financing	Malaysia	**10,000,000**	10,000,000	**100**	–

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital 2001 RM	Issued and Paid-Up Share Capital 2000 RM	Effective Interest 2001 %	Effective Interest 2000 %
Finance						
Aseam Credit Sdn Bhd	Hire Purchase	Malaysia	**20,000,000**	20,000,000	**100**	72.3
Mayban Factoring Berhad	Factoring Operations	Malaysia	**2,000,000**	2,000,000	**100**	100
Insurance						
Mayban Fortis Holdings Berhad (formerly known as Mayban Assurance Berhad)	Investment Holding	Malaysia	**170,570,000**	82,000,000	**70.0**	93.9
Mayban Life Assurance Bhd	Life Insurance	Malaysia	**100,000,000**	100,000,000	**62.0**	92.0
Mayban Life International (Labuan) Ltd	Life Insurance	Malaysia	**3,500,000** **(2)**	3,500,000 (2)	**43.4**	64.0
Mayban General Assurance Berhad (formerly known as UMBC Insurans Berhad)	General Insurance	Malaysia	**178,171,233**	48,000,000	**64.8**	75.9
Investment Banking						
Aseambankers Malaysia Berhad	Merchant Banking	Malaysia	**50,116,000**	50,116,000	**70.5**	70.5
Mayban Securities (Holdings) Sendirian Berhad	Investment Holding	Malaysia	**162,000,000**	25,000,000	**100**	100
Mayban Securities Sendirian Berhad	Stockbroking	Malaysia	**124,000,000**	20,000,000	**100**	100
Mayban Discount Berhad	Discount House	Malaysia	**45,000,000**	45,000,000	**91.1**	91.1
Mayban Futures Sdn Bhd	Futures Broking and Investment Advisory Services	Malaysia	**10,000,000**	10,000,000	**100**	100
** Phileo Allied Securities (Jersey) Limited	Investment Holding	United Kingdom	**2** **(7)**	2 (7)	**100**	–

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital 2001 RM	Issued and Paid-Up Share Capital 2000 RM	Effective Interest 2001 %	Effective Interest 2000 %
Investment Banking						
** Phileo Allied Securities (HK) Limited	Stockbroking	Hong Kong	**30,000,000** **(6)**	30,000,000 (6)	**100**	–
Phileo Allied Securities (UK) Ltd	Dormant	United Kingdom	**250,000** **(7)**	250,000 (7)	**100**	–
Phileo Allied Securities Inc	Stockbroking	United States	**1,650,000** **(2)**	1,650,000 (2)	**100**	–
** Phileo Allied Securities (Philippines) Limited	Stockbroking	Philippines	**21,875,000** **(4)**	21,875,000 (4)	**100**	–
** Budaya Tegas Sdn Bhd	Investment Holding	Malaysia	**2**	2	**100**	–
Asset Management/ Trustees/Custody						
Mayban Property Trust Management Berhad	Property Trust Fund Management	Malaysia	**5,000,000**	5,000,000	**100**	100
Mayban Management Berhad	Unit Trust Fund Management	Malaysia	**4,000,000**	4,000,000	**92.6**	92.6
Mayban International Trust (Labuan) Berhad	Trustee Services	Malaysia	**150,000**	150,000	**100**	100
Mayban Offshore Corporate Sevices (Labuan) Sdn Bhd	Dormant	Malaysia	**2**	2	**100**	100
Mayban Trustees Berhad	Trustee Services	Malaysia	**500,000**	500,000	**100**	100
Mayban Ventures Sdn Bhd	Venture Capital	Malaysia	**10,000,000**	10,000,000	**91.1**	91.1

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital 2001 RM	Issued and Paid-Up Share Capital 2000 RM	Effective Interest 2001 %	Effective Interest 2000 %
Asset Management/ Trustees/Custody (cont'd)						
Mayban Venture Capital Company Sdn Bhd	Dormant	Malaysia	**2**	2	**100**	100
* RPB Venture Capital Corporation	Venture Capital	Philipppines	**8,560,000 (4)**	8,560,000 (4)	**59.8**	36.0
Mayban-JAIC Capital Management Sdn Bhd	Investment Advisory and Administration Services	Malaysia	**2,000,000**	2,000,000	**46.5**	46.5
Mayban Investment Management Sdn Bhd	Fund Management	Malaysia	**5,000,000**	5,000,000	**88.6**	88.6
* Philmay Property Inc	Property Leasing and Trading	Philippines	**100,000,000 (4)**	100,000,000 (4)	**60.0**	60.0
Mayban (Nominees) Sendirian Berhad	Nominee Services	Malaysia	**31,000**	31,000	**100**	100
Mayban Nominees (Tempatan) Sdn Bhd	Nominee Services	Malaysia	**10,000**	10,000	**100**	100
Mayban Nominees (Asing) Sdn Bhd	Nominee Services	Malaysia	**10,000**	10,000	**100**	100
Mayban Nominees (Singapore) Pte Ltd	Nominee Services	Singapore	**60,000 (5)**	60,000 (5)	**100**	100
Mayban Nominees (Hongkong) Limited	Nominee Services	Hong Kong	**3 (6)**	3 (6)	**100**	100
Aseam Malaysia Nominees (Tempatan) Sdn Bhd	Nominee Services	Malaysia	**10,000**	10,000	**70.5**	70.5
Aseam Malaysia Nominees (Asing) Sdn Bhd	Nominee Services	Malaysia	**10,000**	10,000	**70.5**	70.5

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital 2001 RM	Issued and Paid-Up Share Capital 2000 RM	Effective Interest 2001 %	Effective Interest 2000 %
Asset Management/ Trustees/Custody (cont'd)						
Mayfin Nominees (Tempatan) Sdn Bhd	Nominee Services	Malaysia	**10,000**	10,000	**100**	100
Mayban Securities Nominees Sdn Bhd	Ceased Operations	Malaysia	**10,000**	10,000	**100**	100
Mayban Securities Nominees (Tempatan) Sdn Bhd	Nominee Services	Malaysia	**10,000**	10,000	**100**	100
Mayban Securities Nominees (Asing) Sdn Bhd	Nominee Services	Malaysia	**10,000**	10,000	**100**	100
MFSL Nominees Pte Ltd	Nominee Services	Singapore	**60,000 (5)**	60,000 (5)	**100**	100
AFMB Nominees (Tempatan) Sdn Bhd	Nominee Services	Malaysia	**10,000**	10,000	**100**	100
PhileoAllied Bank (Malaysia) Berhad	Investment Holding	Malaysia	**704,000,000**	704,000,000	**100**	–
Anfin Berhad	Dormant	Malaysia	**106,000,000**	106,000,000	**100**	100
AlliedBan Nominees (Tempatan) Sdn Bhd	Dormant	Malaysia	**40,000**	40,000	**100**	–
AlliedBan Nominees (Asing) Sdn Bhd	Dormant	Malaysia	**10,000**	10,000	**100**	–
PhileoAllied Property Holding Sdn Bhd	Dormant	Malaysia	**2,000,000**	2,000,000	**100**	–

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name	Principal Activities	Country of Incorporation	Issued and Paid-Up Share Capital 2001 RM	Issued and Paid-Up Share Capital 2000 RM	Effective Interest 2001 %	Effective Interest 2000 %
Asset Management/ Trustees/Custody (cont'd)						
PhileoAllied Trustee Berhad	Dormant	Malaysia	**150,000**	150,000	**100**	–
** Maysec (Ipoh) Sdn Bhd (formerly known as Phileo Allied Securities Sdn Bhd)	Dormant	Malaysia	**100,000,000**	100,000,000	**100**	–
** Maysec Nominees (Asing) Sdn Bhd (formerly known as Phileo Allied Nominees (Asing) Sdn Bhd)	Dormant	Malaysia	**2**	2	**100**	–
** Maysec Nominees (Tempatan) Sdn Bhd (formerly known as Phileo Allied Nominees (Tempatan) Sdn Bhd)	Dormant	Malaysia	**2**	2	**100**	–
Mayban Pacific Nominees (Asing) Sdn Bhd (formerly known as Pacific Nominees (Asing) Sdn Bhd)	Dormant	Malaysia	**2**	2	**100**	–
Mayban Pacific Nominees (Tempatan) Sdn Bhd (formerly known as Pacific Nominees (Tempatan) Sdn Bhd)	Dormant	Malaysia	**10,000**	10,000	**100**	–
Mayban P.B. Holdings Sdn Bhd (formerly known as P.B. Holdings Sdn Bhd)	Property Investment	Malaysia	**1,000,000**	1,000,000	**100**	–
Mayban Property (PNG) Limited	Property Investment	Papua New Guinea	**2** **(3)**	2 (3)	**100**	–

* Audited by firms affiliated with Arthur Andersen & Co.
** Audited by firm of auditors other than Arthur Andersen & Co.
(1) Indonesia Rupiah (IDR) (2) US Dollars (USD) (3) PNG Kina (Kina)
(4) Philippines Peso (Peso) (5) Singapore Dollars (SGD) (6) Hong Kong Dollars (HKD)
(7) Pound Sterling (£)

11. INVESTMENT IN ASSOCIATED COMPANIES

	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
Unquoted shares, at cost	**10,271**	6,180	**8,840**	6,180
Exchange differences	**1,817**	1,840	**–**	–
Share of post-acquisition reserves	**5,933**	5,346	**–**	–
	18,021	13,366	**8,840**	6,180
Represented by:				
Share of net tangible assets	**17,043**	13,366		
Goodwill on acquisition	**978**	–		
	18,021	13,366		

Details of the associated companies are as follows:

Name	Effective Interest 2001	Effective Interest 2000	Country of Incorporation	Principal Activities
Computer Recovery Centre Sdn Bhd	**45%**	45%	Malaysia	Computer disaster recovery services
Uzbek Leasing International A. O.	**35%**	35%	Uzbekistan	Leasing
Philmay Holdings Inc	**33%**	33%	Philippines	Investment Holding
Baiduri Securities Sdn Bhd	**39%**	–	Brunei	Stockbroking

12. PROPERTY, PLANT AND EQUIPMENT

	* Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings in-Progress RM'000	Total RM'000
Group							
Cost							
Balance at 1 July, 2000	**889,298**	**427,784**	**558,696**	**94,626**	**48,511**	**189,764**	**2,208,679**
Additions	**56,590**	**74,540**	**129,457**	**17,420**	**9,837**	**161,016**	**448,860**
Addition upon acquisitions	**88,956**	**105,998**	**148,141**	**14,802**	**8,425**	**–**	**366,322**
Disposals/write-offs	**(143,662)**	**(22,500)**	**(53,907)**	**(5,360)**	**(9,208)**	**–**	**(234,637)**
Transfers	**150,438**	**3,855**	**(27)**	**1,622**	**–**	**(157,785)**	**(1,897)**
Translation differences	**5,937**	**2,589**	**(991)**	**590**	**66**	**–**	**8,191**
Balance at 30 June, 2001	**1,047,557**	**592,266**	**781,369**	**123,700**	**57,631**	**192,995**	**2,795,518**

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	* Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings in-Progress RM'000	Total RM'000
Accumulated Depreciation							
Balance at 1 July, 2000	**147,846**	**340,866**	**455,604**	**83,234**	**38,907**	**–**	**1,066,457**
Charge for the year	**16,984**	**72,614**	**87,381**	**5,977**	**8,177**	**–**	**191,133**
Addition upon acquisitions	**6,607**	**55,457**	**116,208**	**9,510**	**5,892**	**–**	**193,674**
Disposals/write-offs	**(1,445)**	**(18,006)**	**(50,096)**	**(3,345)**	**(7,715)**	**–**	**(80,607)**
Translation differences	**2,315**	**3,756**	**377**	**508**	**(56)**	**–**	**6,900**
Balance at 30 June, 2001	**172,307**	**454,687**	**609,474**	**95,884**	**45,205**	**–**	**1,377,557**
Net Book Value							
At 30 June, 2001	**875,250**	**137,579**	**171,895**	**27,816**	**12,426**	**192,995**	**1,417,961**
At 30 June, 2000	741,452	86,918	103,092	11,392	9,604	189,764	1,142,222
Depreciation charge for 2000	14,971	41,676	52,598	4,291	5,816	–	119,352

* Properties consist of:

Group	Freehold Land RM'000	Buildings on Freehold Land RM'000	Leasehold Land: Less Than 50 Years RM'000	Leasehold Land: 50 Years Or More RM'000	Buildings on Leasehold Land: Less Than 50 Years RM'000	Buildings on Leasehold Land: 50 Years Or More RM'000	Total RM'000
Cost							
Balance at 1 July, 2000	**96,868**	**437,102**	**9,501**	**82,054**	**44,242**	**219,531**	**889,298**
Additions	**838**	**899**	**–**	**4,198**	**48,858**	**1,797**	**56,590**
Addition upon acquisitions	**15,208**	**56,129**	**790**	**3,043**	**13,298**	**488**	**88,956**
Disposals/write-offs	**(13,957)**	**(63,160)**	**(210)**	**(1,001)**	**(3,612)**	**(61,722)**	**(143,662)**
Transfers	**3,303**	**8,030**	**–**	**17,733**	**–**	**121,372**	**150,438**
Translation differences	**(437)**	**(917)**	**(9)**	**(558)**	**9,299**	**(1,441)**	**5,937**
Balance at 30 June, 2001	**101,823**	**438,083**	**10,072**	**105,469**	**112,085**	**280,025**	**1,047,557**

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold Land RM'000	Buildings on Freehold Land RM'000	Leasehold Land: Less Than 50 Years RM'000	Leasehold Land: 50 Years Or More RM'000	Buildings on Leasehold Land: Less Than 50 Years RM'000	Buildings on Leasehold Land: 50 Years Or More RM'000	Total RM'000
Accumulated Depreciation							
Balance at 1 July, 2000	**–**	**87,822**	**2,362**	**7,218**	**11,217**	**39,227**	**147,846**
Charge for the year	**–**	**8,696**	**205**	**1,158**	**1,413**	**5,512**	**16,984**
Addition upon acquisitions	**–**	**4,713**	**59**	**301**	**1,486**	**48**	**6,607**
Disposals/write-offs	**–**	**(814)**	**–**	**(94)**	**–**	**(537)**	**(1,445)**
Translation differences	**–**	**206**	**70**	**1,574**	**3,248**	**(2,783)**	**2,315**
Balance at 30 June, 2001	**–**	**100,623**	**2,696**	**10,157**	**17,364**	**41,467**	**172,307**
Net Book Value							
At 30 June, 2001	**101,823**	**337,460**	**7,376**	**95,312**	**94,721**	**238,558**	**875,250**
At 30 June, 2000	96,868	349,280	7,139	74,836	33,025	180,304	741,452
Depreciation charge for 2000	–	7,541	188	831	1,419	4,992	14,971

Bank	* Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Building in-Progress RM'000	Total RM'000
Balance at 1 July, 2000	**672,150**	**276,448**	**416,387**	**77,593**	**25,682**	**107,623**	**1,575,883**
Additions	**8,724**	**16,830**	**99,416**	**1,925**	**3,513**	**78,106**	**208,514**
Addition upon acquisitions	**32,801**	**87,717**	**131,591**	**13,910**	**6,419**	**–**	**272,438**
Disposals/write-offs	**(328)**	**(8,181)**	**(8,462)**	**(140)**	**(1,608)**	**–**	**(18,719)**
Transfers	**–**	**5,028**	**(27)**	**448**	**–**	**(5,449)**	**–**
Translation differences	**7,502**	**5,310**	**1,079**	**490**	**473**	**–**	**14,854**
Balance at 30 June, 2001	**720,849**	**383,152**	**639,984**	**94,226**	**34,479**	**180,280**	**2,052,970**
Accumulated Depreciation							
Balance at 1 July, 2000	**129,535**	**218,998**	**342,628**	**71,249**	**21,277**	**–**	**783,687**
Charge for the year	**12,160**	**48,109**	**66,364**	**2,722**	**3,742**	**–**	**133,097**
Addition upon acquisitions	**2,021**	**41,243**	**102,132**	**8,760**	**4,054**	**–**	**158,210**
Disposals/write-offs	**(84)**	**(7,802)**	**(7,584)**	**(134)**	**(1,334)**	**–**	**(16,938)**
Translation differences	**2,154**	**5,827**	**1,156**	**562**	**312**	**–**	**10,011**
Balance at 30 June, 2001	**145,786**	**306,375**	**504,696**	**83,159**	**28,051**	**–**	**1,068,067**

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	* Properties RM'000	Office Furniture, Fittings, Equipment and Renovations RM'000	Computers and Peripherals RM'000	Electrical and Security Equipment RM'000	Motor Vehicles RM'000	Buildings in-Progress RM'000	Total RM'000
Bank							
Net Book Value							
At 30 June, 2001	**575,063**	**76,777**	**135,288**	**11,067**	**6,428**	**180,280**	**984,903**
At 30 June, 2000	542,615	57,450	73,759	6,344	4,405	107,623	792,196
Depreciation charge for 2000	11,915	28,212	39,686	2,887	3,172	–	85,872

* Properties consist of:

			Leasehold Land		Buildings on Leasehold Land		
	Freehold Land RM'000	Buildings on Freehold Land RM'000	Less Than 50 Years RM'000	50 Years Or More RM'000	Less Than 50 Years RM'000	50 Years Or More RM'000	Total RM'000
Bank							
Balance at 1 July, 2000	67,513	326,346	7,679	69,688	38,484	162,440	672,150
Additions	–	–	–	–	8,356	368	8,724
Addition upon acquisitions	11	29,259	–	3,043	–	488	32,801
Disposals/write-offs	–	–	–	–	–	(328)	(328)
Translation differences	(437)	20	(9)	(418)	9,299	(953)	7,502
Balance at 30 June, 2001	67,087	355,625	7,670	72,313	56,139	162,015	720,849
Accumulated Depreciation							
Balance at 1 July, 2000	–	79,951	1,993	6,502	9,382	31,707	129,535
Charge for the year	–	6,841	156	713	1,243	3,207	12,160
Addition from acquisitions	–	1,672	–	301	–	48	2,021
Disposals/write-offs	–	–	–	–	–	(84)	(84)
Translation differences	–	237	70	337	1,226	284	2,154
Balance at 30 June, 2001	–	88,701	2,219	7,853	11,851	35,162	145,786
Net Book Value							
At 30 June, 2001	**67,087**	**266,924**	**5,451**	**64,460**	**44,288**	**126,853**	**575,063**
At 30 June, 2000	67,513	246,395	5,686	63,186	29,102	130,733	542,615
Depreciation charge for 2000	–	6,530	158	706	1,295	3,226	11,915

13. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Demand deposits	**15,260,591**	12,780,135	**15,362,397**	12,495,308
Savings deposits	**15,943,060**	11,883,089	**14,531,987**	10,328,786
Fixed deposits	**65,187,639**	56,327,225	**47,382,942**	37,086,349
Negotiable instruments of deposits	**93,340**	876,140	**117,200**	350,000
	96,484,630	81,866,589	**77,394,526**	60,260,443

(i) The maturity structure of fixed deposits and negotiable instruments of deposit are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Due within six months	**52,350,208**	46,419,275	**36,926,165**	28,152,581
Six months to one year	**9,100,090**	8,111,785	**7,621,152**	6,969,690
One year to three years	**3,817,398**	2,212,791	**2,946,624**	1,930,343
Three years to five years	**13,268**	459,510	**6,201**	383,735
After five years	**15**	4	**–**	–
	65,280,979	57,203,365	**47,500,142**	37,436,349

(ii) The deposits are sourced from the following customers:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Business enterprises	**46,589,218**	37,113,239	**36,535,772**	25,213,122
Individuals	**40,168,523**	36,229,341	**32,977,569**	28,936,109
Others	**9,726,889**	8,524,009	**7,881,185**	6,111,212
	96,484,630	81,866,589	**77,394,526**	60,260,443

14. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Licensed banks	**11,522,081**	14,140,427	**9,735,659**	12,603,317
Licensed finance companies	**832,636**	925,655	**228,671**	346,048
Other financial institutions	**6,734,065**	5,024,434	**2,304,535**	2,901,660
	19,088,782	20,090,516	**12,268,865**	15,851,025

15. OTHER LIABILITIES

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest payable	**615,206**	570,533	**460,996**	426,433
Proposed dividends	**118,552**	218,835	**118,552**	218,835
Taxation	**1,122,221**	979,298	**805,608**	621,446
Deferred taxation (Note 27)	**3,887**	3,622	**–**	–
Provision for outstanding claims	**240,209**	202,544	**–**	–
Unearned premium reserves	**100,333**	103,616	**–**	–
Provision for commitments and contingencies	**200**	–	**–**	–
Other creditors, provisions and accruals	**1,893,302**	1,415,706	**1,078,286**	585,695
	4,093,910	3,494,154	**2,463,442**	1,852,409

Movements in provision for commitments and contingencies are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Balance at beginning of year	**–**	3,620	**–**	3,620
Provision made during the year	**200**	–	**–**	–
Amount written back	**–**	(3,620)	**–**	(3,620)
Balance at end of year	**200**	–	**–**	–

16. SUBORDINATED OBLIGATIONS

	Group and Bank	
	2001 RM'000	2000 RM'000
USD250 million subordinated notes due in 2005	**950,000**	950,000
Subordinated bonds due in 2011	**610,000**	–
	1,560,000	950,000

On 27 September, 1995, the Bank issued USD250 million nominal value Subordinated Notes through its New York Branch. The Notes bear interest of 7.125% per annum payable semi-annually in arrears in March and September each year and are due in September 2005. The Notes will, subject to the prior consent of Bank Negara Malaysia be redeemable in whole but not in part, at the option of the Bank in the event of changes affecting taxation in Malaysia as described under "Terms and Conditions of the Notes - Optional Redemption upon the Imposition of Taxation".

On 16 May, 2001, the Bank issued RM610 million nominal value Subordinated Bonds with a fixed coupon rate of 5.65% per annum payable semi-annually in arrears in November and May each year and are due in May 2011. The Bank may, subject to the prior consent of Bank Negara Malaysia, redeem the Bonds, in whole but not in part, any time on or after the 5th year from Issue Date at 100% of the principal amount together with accrued interest. Should the Bank decide not to exercise its call option on the first permissible call date, then the coupon rate will be stepped up to 6.65% per annum from the beginning of the 6th year to the final maturity date.

16. SUBORDINATED OBLIGATIONS (cont'd)

Both the Notes and Bonds constitute unsecured liabilities of the Bank and are subordinated to the senior indebtedness of the Bank in accordance with the respective terms and conditions of their issues and qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

17. SHARE CAPITAL

	Group and Bank			
	Number of shares			
	2001 '000	2000 '000	2001 RM'000	2000 RM'000
Ordinary shares of RM1 each:				
Authorised	**4,000,000**	4,000,000	**4,000,000**	4,000,000
Issued and fully paid:				
Balance at beginning of year	**2,337,975**	2,308,661	**2,337,975**	2,308,661
Shares issued under the Maybank Group Employee Share Option Scheme	**14,250**	29,314	**14,250**	29,314
Balance at end of year	**2,352,225**	2,337,975	**2,352,225**	2,337,975

During the year, the Bank increased its issued and fully paid-up share capital from RM2,337,975,214 to RM2,352,225,214 by the issue of 14,250,000 new ordinary shares of RM1 each to eligible persons who exercised their options under the Maybank Group Employee Share Option Scheme (ESOS). The issue of 14,250,000 new ordinary shares consists of the following:

- 13,005,400 at the option price of RM4.42 per share;
- 1,056,600 at the option price of RM6.83 per share;
- 185,800 at the option price of RM12.75 per share;
- 600 at the option price of RM16.25 per share;
- 1,000 at the option price of RM14.19 per share; and
- 600 at the option price of RM9.79 per share;

The new shares issued rank pari passu in all respects with the then existing shares of the Bank.

18. RESERVES

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Non-distributable:				
Share premium	**244,598**	191,749	**244,598**	191,749
Statutory reserve	**2,973,419**	2,795,772	**2,352,225**	2,233,828
Capital reserve	**15,250**	15,250	**–**	–
Exchange fluctuation reserve	**8,625**	98,031	**49,896**	87,917
	3,241,892	3,100,802	**2,646,719**	2,513,494

18. RESERVES (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Distributable:				
General reserve	**–**	3,291,534	**–**	2,916,120
Retained profits	**4,446,240**	1,629,410	**3,638,967**	985,212
	4,446,240	4,920,944	**3,638,967**	3,901,332
	7,688,132	8,021,746	**6,285,686**	6,414,826

The statutory reserve is maintained in compliance with the requirements of Bank Negara Malaysia and the Central Banks of the respective territories in which the Bank and the Group operate and is not distributable as cash dividends.

The capital reserve of the Group arose from the capitalisation of bonus issue in certain subsidiary companies in previous years.

19. INTEREST INCOME

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Loans and advances	**6,670,374**	6,247,832	**4,548,864**	4,151,489
Money at call and deposit placements with financial institutions	**1,078,821**	973,840	**925,102**	894,412
Dealing securities	**25,427**	19,684	**7,702**	571
Investment securities	**787,120**	800,389	**477,666**	437,924
Others	**30,346**	40,741	**–**	–
	8,592,088	8,082,486	**5,959,334**	5,484,396
Net (amortisation of premiums)/accretion of discounts	**(931)**	27,910	**(17,935)**	(21,475)
Net interest suspended	**(670,367)**	(544,296)	**(421,980)**	(327,157)
	7,920,790	7,566,100	**5,519,419**	5,135,764

20. INTEREST EXPENSE

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits and placements of banks and other financial institutions	**891,217**	857,140	**756,697**	665,178
Deposits from other customers	**2,767,680**	2,650,210	**1,881,239**	1,762,320
Floating rate certificates of deposit	**29,884**	35,145	**29,884**	35,145
Subordinated notes	**67,688**	67,688	**67,688**	67,688
Subordinated bonds	**4,345**	–	**4,345**	–
Subordinated term loan	**–**	26,188	**–**	26,188
Others	**164,907**	132,768	**10,913**	16,015
	3,925,721	3,769,139	**2,750,766**	2,572,534

21. NON-INTEREST INCOME

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Fee income:				
Commission	**271,285**	263,300	**267,024**	255,492
Service charges and fees	**252,215**	220,827	**196,659**	180,213
Guarantee fees	**81,815**	73,080	**76,838**	66,644
Underwriting fees	**8,564**	12,371	**1,832**	597
Brokerage income	**23,012**	118,776	**–**	–
Other fee income	**41,113**	36,758	**28,301**	22,486
	678,004	725,112	**570,654**	525,432
Investment income:				
Net gain from sale of dealing securities	**22,107**	28,114	**15,620**	9,601
Net gain from sale of investment securities	**131,810**	140,434	**93,340**	55,634
Net gain on sale of subsidiary companies	**232,492**	–	**257,389**	–
	386,409	168,548	**366,349**	65,235
Gross dividends from:				
Dealing securities	**245**	299	**13**	–
Investment securities				
- quoted in Malaysia	**9,989**	6,379	**167**	133
- quoted outside Malaysia	**176**	–	**–**	–
- unquoted	**4,822**	2,896	**2,673**	1,509
Subsidiary companies				
- in Malaysia	**–**	–	**268,353**	97,868
- outside Malaysia	**–**	–	**–**	13,772
Associated companies	**–**	–	**1,350**	1,350
	15,232	9,574	**272,556**	114,632
Provision for diminution in value of investment securities (net)	**(278,456)**	(48,887)	**(150,616)**	(25,960)
Other income:				
Foreign exchange profit	**150,460**	147,128	**145,376**	133,239
Net premiums written	**213,790**	162,325	**–**	–
Rental income	**14,376**	12,252	**16,592**	16,161
Gain on disposal of property, plant and equipment	**2,628**	1,191	**612**	597
Gain on disposal of foreclosed properties	**799**	751	**–**	–
Other operating income	**20,586**	15,086	**15,752**	9,695
Other non-operating income	**116,727**	73,714	**20,056**	13,246
	519,366	412,447	**198,388**	172,938
	1,320,555	1,266,794	**1,257,331**	852,277

22. OVERHEAD EXPENSES

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Personnel costs	**1,029,580**	827,233	**791,216**	623,680
Establishment costs	**436,163**	299,599	**310,537**	221,079
Marketing costs	**69,088**	67,531	**36,250**	24,061
Administration and general expenses	**583,124**	399,386	**310,836**	245,830
	2,117,955	1,593,749	**1,448,839**	1,114,650
Included in overhead expenses are:				
Directors' remuneration (Note 23)	**8,608**	7,157	**2,904**	2,749
Rental of premises	**65,121**	55,306	**46,862**	42,252
Hire of equipment	**6,799**	5,837	**5,026**	4,127
Lease of equipment	**7,781**	7,482	**1,469**	1,319
Provision for doubtful debts - other debtors	**29,383**	6,359	**–**	–
Rental of leasehold land	**14**	948	**–**	943
Auditors' remuneration	**3,135**	3,019	**2,079**	2,175
Amortisation of trading rights	**61**	–	–	–
Depreciation of property, plant and equipment (Note 12)	**191,133**	119,352	**133,097**	85,872
Loss on disposal of property, plant and equipment	**779**	–	**779**	–
Property, plant and equipment written off	**2,836**	2,260	**513**	–

23. DIRECTORS' REMUNERATION

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Directors of the Bank:				
Executive directors:				
Salary and other remuneration, including meeting allowance	**1,724**	1,529	**1,538**	1,524
Bonuses	**632**	348	**246**	348
Benefits-in-kind	**100**	71	**93**	71
	2,456	1,948	**2,091**	1,943
Non-executive directors:				
Fees	**602**	762	**322**	304
Other remuneration	**958**	824	**584**	573
Benefits-in-kind	**45**	32	**45**	32
	1,605	1,618	**951**	909
Directors of the Subsidiary Companies				
Executive directors:				
Salary and other remuneration, including meeting allowance	**3,097**	2,759	**–**	–
Bonuses	**720**	80	**–**	–
Benefits-in-kind	**147**	104	**–**	–
	3,964	2,943	**–**	–

23. DIRECTORS' REMUNERATION (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Non-executive directors:				
Fees	**221**	328	**–**	–
Other remuneration	**654**	527	**–**	–
Benefits-in-kind	**114**	73	**–**	–
	989	928	**–**	–
Total	**9,014**	7,437	**3,042**	2,852
Total (excluding benefits-in-kind)	**8,608**	7,157	**2,904**	2,749

The remuneration attributable to the Managing Director of the Bank including benefits-in-kind during the year amounted to RM1,072,788 (2000 : RM850,739).

	Bank	
	2001	2000
Number of directors whose remuneration falls into the following bands:		
Number of executive directors		
RM300,001 to RM350,000	**1**	–
RM500,001 to RM550,000	**–**	1
RM600,001 to RM650,000	**1**	–
RM800,001 to RM850,000	**–**	1
RM1,000,001 to RM1,050,000	**1**	–
	3	2
Number of non-executive directors		
Below RM50,000	**2**	–
RM50,001 to RM100,000	**5**	3
RM100,001 to RM150,000	**–**	4
RM350,001 to RM400,000	**1**	–
RM400,001 to RM450,000	**–**	1
	8	8
Total	**11**	10

24. LOAN LOSS AND PROVISION

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Provision for bad and doubtful debts:				
- Specific (net)	**2,555,034**	1,245,270	**1,826,009**	612,109
- General	**(369,959)**	309,079	**(439,855)**	217,000
Bad debts:				
- Written off	**19,741**	51,924	**13,018**	43,235
- Recovered	**(180,292)**	(88,250)	**(57,687)**	(27,030)
	2,024,524	1,518,023	**1,341,485**	845,314

24. LOAN LOSS AND PROVISION (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Provision on amounts recoverable from Danaharta				
- Provision for value impairment during the year	**29,687**	7,924	**29,687**	7,924
- Written back on recoveries	**(58,962)**	–	**(58,962)**	–
Provision for commitments and contingencies (net)	**200**	(3,620)	**–**	(3,620)
	1,995,449	1,522,327	**1,312,210**	849,618

25. SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

The Bank's significant transactions and balances with related companies are as follows:

	Bank	
	2001 RM'000	2000 RM'000
Transactions with subsidiary companies:		
Income:		
Interest on deposits	**47,752**	88,696
Interest on loans and advances	**17,720**	14,000
Dividend income	**268,353**	111,640
Rental of premises	**5,520**	7,043
Other income	**11,643**	8,807
	350,988	230,186
Expenditure:		
Interest on deposits	**25,666**	78,486
Other expenses	**17,703**	9,049
	43,369	87,535
Purchases from an associated company	**3,843,468**	4,533,378

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on a negotiated basis that are not materially different from that obtainable in transactions with unrelated parties.

Included in the balance sheet of the Bank are amounts due from/(to) subsidiary companies represented by the following:

	Bank	
	2001 RM'000	2000 RM'000
Amounts due from subsidiary companies:		
Current accounts and deposits	**2,593,296**	1,589,032
Loans and advances	**435,540**	1,397,930
Interest and other receivable on deposits	**135,205**	36,157
	3,164,041	3,023,119

25. SIGNIFICANT RELATED PARTIES BALANCES (cont'd)

	Bank	
	2001 RM'000	2000 RM'000
Amounts due to subsidiary companies:		
Current accounts and deposits	**(1,657,283)**	(2,046,361)
Interest payable on deposits	**(4,933)**	(46,019)
	(1,662,216)	(2,092,380)
Deposits by an associated company	**7,450,000**	6,400,000

26. TAXATION

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Malaysian taxation	**643,526**	719,841	**470,714**	482,385
Overseas taxation	**66,171**	44,815	**63,635**	41,511
	709,697	764,656	**534,349**	523,896
Share of tax in associated companies	**794**	812	**–**	–
	710,491	765,468	**534,349**	523,896
Transfer to/(from) deferred taxation account (Note 27)	**265**	(46)	**–**	–
	710,756	765,422	**534,349**	523,896
Under/(over) provision in respect of prior years	**414**	(1,897)	**–**	–
	711,170	763,525	**534,349**	523,896

The tax charges for the Bank and the Group reflect effective rates that are higher than the statutory rate as certain charges and provisions are not considered deductible for tax purposes.

The Bank has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and tax exempt account to declare its entire retained profits as at 30 June, 2001 as dividends without incurring additional tax liabilities.

27. DEFERRED TAXATION

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Balance at beginning of year	**3,622**	3,403	**–**	–
Transfer (to)/from income statement (Note 26)	**265**	(46)	**–**	–
Acquisition of a subsidiary company	**–**	265	**–**	–
Balance at end of year	**3,887**	3,622	**–**	–

27. DEFERRED TAXATION (cont'd)

Deferred taxation is in respect of the following timing differences:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Leases	**13,086**	8,572	**–**	–
Depreciation and capital allowances	**796**	4,364	**–**	–
	13,882	12,936	**–**	–

28. DIVIDENDS

	Group and Bank		Dividend Per Share	
	2001 RM'000	2000 RM'000	2001 Sen	2000 Sen
Ordinary interim dividend of 5% (2000 : 5%) less 28% taxation	**84,638**	84,071	**3.6**	3.6
Ordinary final dividend of 7% (2000 : 13%) less 28% taxation	**118,552**	218,835	**5.0**	9.4
Dividend of 13% (2000 : 9%) less 28% taxation paid on ordinary shares issued under ESOS	**797**	1,211	**9.4**	6.5
	203,987	304,117		

29. EARNINGS PER SHARE

Basic earnings per share ("Basic EPS")

Basic EPS of the Bank and the Group are calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year.

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Net profit for the year (RM'000)	**839,641**	1,360,405	**901,111**	1,020,505
Weighted average number of ordinary shares in issue ('000)	**2,348,173**	2,330,660	**2,348,173**	2,330,660
Basic earnings per share (sen)	**35.8**	58.4	**38.4**	43.8

Diluted earnings per share ("Diluted EPS")

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of the Bank's ESOS.

In a diluted earnings per share calculation, the share options are assumed to have been exercised into ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual share price of the Bank's shares) based on the monetary value of the subscription rights attached to the outstanding share options. This calculation serves to determine the number of dilutive shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit for the year.

29. EARNINGS PER SHARE (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Net profit for the year (RM'000)	**839,641**	1,360,405	**901,111**	1,020,505
Weighted average number of ordinary shares in issue ('000)	**2,348,173**	2,330,660	**2,348,173**	2,330,660
Assumed exercise of share options ('000)	**24,710**	37,794	**24,710**	37,794
	2,372,883	2,368,454	**2,372,883**	2,368,454
Fully diluted earning per share (sen)	**35.4**	57.4	**38.0**	43.1

30. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank and its subsidiary companies make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Bank and its subsidiary companies as at 30 June are as follows:

	2001		2000	
	Principal RM'000	Credit Equivalent RM'000	Principal RM'000	Credit Equivalent RM'000
Group				
Direct credit substitutes	**4,093,571**	**4,093,571**	4,124,320	4,124,320
Certain transaction-related contingent items	**4,008,374**	**2,004,187**	3,586,119	1,793,060
Short-term self-liquidating trade related contingencies	**5,753,599**	**1,150,720**	2,493,323	498,665
Housing loans and hire purchase sold directly and indirectly to Cagamas Berhad	**5,581,581**	**5,581,581**	3,329,470	3,329,470
Obligations under underwriting agreements	**1,451,107**	**725,553**	734,567	367,284
Obligations arising out of rediscounting of bankers acceptances	**90,730**	**3,629**	86,488	3,460
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	**32,284,716**	**–**	30,373,979	–
- maturity exceeding one year	**4,574,801**	**2,287,402**	4,285,779	2,142,890
Foreign exchange related contracts:				
- less than one year	**14,863,562**	**239,910**	8,473,889	132,364
- one year to less than five years	**549,961**	**38,788**	984,379	37,090
Interest rate related contracts:				
- less than one year	**391,307**	**5,043**	555,845	18,372
- one year to less than five years	**1,987,945**	**117,624**	395,175	37,284
- five years and above	**588,911**	**59,953**	961,401	88,564
Miscellaneous	**1,645,030**	**–**	2,285,380	–
	77,865,195	**16,307,961**	62,670,114	12,572,823

30. COMMITMENTS AND CONTINGENCIES (cont'd)

	2001		2000	
	Principal RM'000	Credit Equivalent RM'000	Principal RM'000	Credit Equivalent RM'000
Bank				
Direct credit substitutes	**2,444,990**	**2,444,990**	2,202,651	2,202,651
Certain transaction-related contingent items	**3,961,569**	**1,980,785**	3,532,515	1,766,258
Short-term self-liquidating trade related contingencies	**5,717,025**	**1,143,405**	2,458,393	491,679
Housing loans and hire purchase sold directly and indirectly to Cagamas Berhad	**2,520,350**	**2,520,350**	1,392,965	1,392,965
Obligations under underwriting agreements	**456,690**	**228,345**	166,957	83,479
Irrevocable commitments to extend credit:				
- maturity not exceeding one year	**30,084,856**	**–**	27,670,541	–
- maturity exceeding one year	**3,057,100**	**1,528,550**	2,835,902	1,417,951
Foreign exchange related contracts:				
- less than one year	**14,863,562**	**239,910**	8,473,889	132,364
- one year to less than five years	**208,235**	**14,867**	813,516	23,421
Interest rate related contracts:				
- less than one year	**391,307**	**5,043**	491,521	18,272
- one year to less than five years	**1,972,945**	**116,949**	395,175	37,284
- five years and above	**588,911**	**59,953**	961,401	88,564
Miscellaneous	**1,643,802**	**–**	2,275,842	–
	67,911,342	**10,283,147**	53,671,268	7,654,888

The Bank and certain subsidiary companies are contingently liable in respect of housing loans sold to Cagamas Berhad on the condition that they undertake to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on prudent criteria.

Foreign exchange and interest rate related contracts are subject to market risk and credit risk.

Principal amounts of the foreign exchange related contracts and interest rate related contracts are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Foreign exchange related contracts:				
- Forward contracts	**14,732,018**	6,354,624	**14,732,018**	6,354,624
- Cross-currency interest rate swaps	**681,505**	3,103,644	**339,779**	2,932,781
Interest rate related contracts:				
- Swaps	**2,968,163**	1,912,421	**2,953,163**	1,848,097
	18,381,686	11,370,689	**18,024,960**	11,135,502

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

30. COMMITMENTS AND CONTINGENCIES (cont'd)

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which the Bank and certain subsidiary companies have a gain position. This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

As at 30 June, the amounts of market risk and credit risk are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Market risk				
Amount of contracts which were not hedged and hence, exposed to market risk	**120,112**	78,884	**120,112**	78,884
Credit risk				
Amount of credit risk, measured in terms of cost to replace the profitable contracts	**50,124**	70,889	**38,895**	40,804

31. CAPITAL AND OTHER COMMITMENTS

(a) Capital expenditure approved by directors but not provided for in the financial statements amounted to:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Approved and contracted for	**176,499**	133,454	**162,767**	119,637
Approved but not contracted for	**83,436**	275,480	**18,393**	150,096
	259,935	408,934	**181,160**	269,733

(b)	Uncalled capital in shares of subsidiary companies	**–**	–	**280**	280

(c) Commitments to inject capital into the following subsidiary companies are as follows:

	Group and Bank	
	2001 RM'000	2000 RM'000
P.T. Bank Maybank Indocorp		
- As shares	**–**	USD12,550 (RM47,690)
- As subordinated debt	**–**	USD11,000 (RM41,800)
Maybank Philippines Inc		
- As shares	**PHP350,000 (RM26,600)**	–

(d) The Bank and a subsidiary company are committed to lend up to five times the nominal value of its investment in Export Credit Insurance Corporation of Singapore Limited (ECIC) to meet claims arising as part of the export credit insurance business of the company. ECIC may, at its option, convert the whole or any part of any such loans into fully paid shares.

31. CAPITAL AND OTHER COMMITMENTS (cont'd)

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Maximum commitments in respect of the investment in ECIC	**10,434**	11,334	**10,434**	11,004

32. CAPITAL ADEQUACY

The capital adequacy ratios of the Group and the Bank are as follows:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Capital Ratio				
Core capital ratio	**9.17%**	10.96%	**10.03%**	12.48%
Risk-weighted capital ratio	**13.05%**	15.21%	**11.61%**	14.60%
Tier 1 capital				
Paid-up share capital	**2,352,225**	2,337,975	**2,352,225**	2,337,975
Share premium	**244,598**	191,749	**244,598**	191,749
Other reserves	**7,419,659**	7,716,716	**5,991,191**	6,135,160
Tier 1 minority interest	**188,848**	141,972	**–**	–
Total Tier 1 capital	**10,205,330**	10,388,412	**8,588,014**	8,664,884
Tier 2 capital				
Subordinated obligations	**1,370,000**	950,000	**1,370,000**	950,000
General provisions for bad and doubtful debts	**2,947,010**	3,076,320	**2,067,209**	2,285,910
Total Tier 2 capital	**4,317,010**	4,026,320	**3,437,209**	3,235,910
Total capital	**14,522,340**	14,414,732	**12,025,223**	11,900,794
Less: Investment in subsidiary companies	**–**	–	**(2,087,950)**	(1,766,546)
Capital base	**14,522,340**	14,414,732	**9,937,273**	10,134,248

The breakdown of risk-weighted assets in the various categories of risk-weights are as follows:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
0%	**20,345,943**	23,942,500	**15,175,725**	17,855,390
10%	**4,525,200**	4,425,560	**3,019,074**	3,463,918
20%	**20,891,074**	17,462,167	**15,518,992**	12,792,354
50%	**15,521,111**	12,201,319	**11,683,736**	9,259,914
100%	**98,865,304**	84,686,234	**76,338,360**	61,859,309
	160,148,632	142,717,780	**121,735,887**	105,230,885

33. SEGMENT INFORMATION-GROUP

	Revenue RM'000	Profit/(Loss) Before Taxation RM'000	Total Assets Employed RM'000
(a) Analysis by Geographical Location			
2001			
Malaysia	**8,680,478**	**1,481,101**	**123,635,692**
Singapore	**737,787**	**(16,930)**	**11,658,582**
Other locations	**654,780**	**45,781**	**5,603,017**
	10,073,045	**1,509,952**	**140,897,291**
2000			
Malaysia	7,472,693	1,937,165	110,335,379
Singapore	758,111	163,050	11,485,006
Other locations	558,086	37,273	5,251,716
	8,788,890	2,137,488	127,072,101
(b) Analysis by Activity			
2001			
Commercial and merchant banking	**7,559,317**	**979,275**	**115,741,300**
Finance company, leasing and factoring operations	**1,977,850**	**477,263**	**18,967,637**
Discount house	**193,980**	**39,915**	**4,200,650**
Insurance	**256,711**	**(5,770)**	**1,341,031**
Stocks and futures broking	**41,636**	**1,722**	**200,895**
Others	**43,551**	**17,547**	**445,778**
	10,073,045	**1,509,952**	**140,897,291**
2000			
Commercial and merchant banking	6,379,198	1,415,497	99,404,847
Finance company, leasing and factoring operations	1,885,943	426,029	21,596,377
Discount house	165,512	110,615	4,029,151
Insurance	183,386	60,103	1,138,875
Stocks and futures broking	132,511	81,807	538,961
Others	42,340	43,437	363,890
	8,788,890	2,137,488	127,072,101

34. SIGNIFICANT EVENTS

(a) Acquisition of the Banking Business of The Pacific Bank Berhad

On 1 January, 2001, the Bank acquired the banking business of The Pacific Bank Berhad and the entire issued and paid-up share capital of the following companies for a cash consideration of RM1.298 billion:

(i) P.B. Holdings Sdn Bhd comprising 1,000,000 ordinary shares of RM1 each.

(ii) Pacific Nominees (Tempatan) Sdn Bhd comprising 10,000 ordinary shares of RM1 each.

(iii) Pacific Nominees (Asing) Sdn Bhd comprising 2 ordinary shares of RM1 each.

(b) Acquisition of PhileoAllied Bank (Malaysia) Berhad

On 31 January, 2001, the Group acquired from PhileoAlllied Berhad (PAB), the entire issued and paid-up share capital of the following companies:

(i) Acquired through the Bank for cash consideration of RM1.05 billion:

- PhileoAllied Bank (Malaysia) Berhad (PABM) comprising 704,000,000 ordinary shares of RM1 each.
- PhileoAllied Property Holding Sdn Bhd comprising 2,000,000 ordinary shares of RM1 each.
- PhileoAllied Credit & Leasing Sdn Bhd comprising 10,000,000 ordinary shares of RM1 each.
- AlliedBan Nominees (Tempatan) Sdn Bhd comprising 40,000 ordinary shares of RM1 each.
- AlliedBan Nominees (Asing) Sdn Bhd comprising 10,000 ordinary shares of RM1 each.
- PhileoAllied Trustee Berhad comprising 3,000 ordinary shares of RM1 each.
- Phileo Allied Options and Financial Futures Sdn Bhd comprising 10,000,000 ordinary shares of RM1 each
- PhileoAllied Unit Trust Management Bhd comprising 6,500,000 ordinary shares of RM1 each
- Phileo Asset Management Sdn Bhd comprising 4,600,000 ordinary shares of RM1 each

Subsequently, Phileo Allied Options and Financial Futures Sdn Bhd, PhileoAllied Unit Trust Management Bhd and Phileo Asset Management Sdn Bhd, were reacquired by PAB for RM20 million.

On 1 March, 2001, the assets and liabilities and the banking business of PABM were transferred and vested to the Bank. PABM is intended to be a special purpose vehicle for the sole purpose of carrying out the rescue scheme approved by the Minister of Finance in which PABM has participated since 1995. As at the date of these financial statements, the Bank is in the process of converting and formalising PABM into the special purpose vehicle for this purpose.

34. SIGNIFICANT EVENTS (cont'd)

(b) Acquisition of PhileoAllied Bank (Malaysia) Berhad (cont'd)

(ii) Acquired through Mayban Securities (Holdings) Sendirian Berhad (MSHSB), a wholly owned subsidiary of the Bank, for a cash consideration of RM230 million:

- Phileo Allied Securities (Jersey) Limited comprising 2 ordinary shares of £1 each.
- Phileo Allied Securities (HK) Limited comprising 30,000,000 ordinary shares of HK$1 each.
- Phileo Allied Securities (UK) Ltd comprising 250,000 ordinary shares of £1 each.
- Phileo Allied Securities (Philippines) Inc comprising 218,750 ordinary shares of Peso100 each.
- Phileo Allied Securities Inc comprising 1 ordinary share of USD0.01 each.
- Budaya Tegas Sdn Bhd comprising 2 ordinary shares of RM1 each. Through this acquisition, MSHSB also acquired a 36% shareholding in Baiduri Securities Sdn Bhd, a company incorporated in Negara Brunei Darussalam.
- Phileo Allied Securities Sdn Bhd comprising 100,000,000 ordinary shares of RM1 each.
- Phileo Allied Nominees (Asing) Sdn Bhd comprising 2 ordinary shares of RM1 each.
- Phileo Allied Nominees (Tempatan) Sdn Bhd comprising 2 ordinary shares of RM1 each.

On 20 April, 2001, the stockbroking business of Phileo Allied Securities Sdn Bhd was vested to Mayban Securities Sendirian Berhad.

(c) Other Acquisitions by the Bank

During the financial year, the Bank

(i) acquired an additional 39.6% stake in Maybank Philippines Incorporated (MPI) comprising 22,126,407 ordinary shares of Peso35.00 each and 24,294,868 preference shares of Peso3.70 each for a cash consideration of Peso1,412.5 million. As a result, the Bank's equity interest in MPI increased from 60.0% to 99.6%.

(ii) subscribed for an additional 111,820 new ordinary shares of IDR1,000,000 each, issued for cash at par in P.T. Bank Maybank Indocorp (PBMI) (formerly known as P.T. Bank Maybank Nusa International) raising the issued and paid-up capital of PBMI from IDR228,953,500,000 to IDR340,774,000,000. As a result, the Bank's equity interest in PBMI increased from 87.0% to 91.2%.

34. SIGNIFICANT EVENTS (cont'd)

(d) Acquisitions by Mayban Finance Berhad

Mayban Finance Berhad, a wholly owned subsidiary of the Bank, acquired the entire issued and paid-up share capital of the following:

(i) Sifin Berhad (formerly known as SimeFinance Berhad) comprising 100,000,000 ordinary shares of RM1 each on 14 August, 2000 for a cash consideration of RM79.6 million. The finance business of SimeFinance Berhad was vested to Mayban Finance Berhad on 30 September, 2000.

(ii) Aseamlease Berhad comprising 20,000,000 ordinary shares of RM1 each on 30 May, 2001 for a cash consideration of RM50.5 million.

(e) Transfer within the Group

During the year, the Bank transferred its equity interest in Mayban Futures Sdn Bhd, made up of 10,000,000 ordinary shares of RM1 each to Mayban Securities (Holdings) Sendirian Berhad (MSHSB), a wholly owned subsidiary company, satisfied by an allotment of 7,000,000 ordinary shares of RM1 each issued at par to the Bank. As a result, Mayban Futures Sdn Bhd became a direct subsidiary of MSHSB.

(f) Strategic Partnership with Fortis International N.V. and Restructuring of the Group's Insurance Business

As part of the strategic partnership with Fortis International N.V. (Fortis) and the rationalisation of the insurance business of the Group, the following transactions occurred:

(i) On 12 October, 2000, the Bank acquired the remaining 6.1% equity interest in Mayban Assurance Berhad (MAB) from minority shareholders, comprising 5,000,000 ordinary shares of RM1 each, for a cash consideration of RM29.1 million. As a result, MAB became a wholly owned subsidiary company.

(ii) On 2 February, 2001, the assets and liabilities of MAB were transferred to its subsidiary company, Mayban General Assurance Berhad (MGAB) (formerly known as UMBC Insurans Berhad) for RM380.1 million, satisfied by the issuance of 130,171,233 new ordinary shares of RM1 each in MGAB. Subsequent to the transfer, MAB's equity interest in MGAB increased from 80.81% to 94.83%.

(iii) On 2 February, 2001, MAB acquired 88,570,000 ordinary shares of RM1 each in Mayban Life Assurance Bhd (MLA) from the Bank for a cash consideration of RM88,570,000. Subsequent to the acquisition, MAB holds 88.57% equity interest in MLA.

(iv) On 28 June, 2001, the Bank disposed of 2,764,054 ordinary shares of RM1 each in MGAB arising from a dividend in specie declared by MAB to Fortis. The shares disposed of represent 2.22% equity interest in MGAB.

On 28 June, 2001, the Bank also disposed of 51,171,000 and 3,430,000 ordinary shares of RM1 each in MAB and MLA respectively to Fortis. The shares disposed of represent 30% and 3.43% equity interest in MAB and MLA respectively. Subsequent to the disposal, the Bank holds 70% equity interest in MAB and none in MLA respectively.

The above disposals of MAB, MLA and MGAB to Fortis were for a cash consideration of RM343,883,370.

34. SIGNIFICANT EVENTS (cont'd)

(f) Strategic Partnership with Fortis International N.V. and Restructuring of the Group's Insurance Business (cont'd)

(v) Subsequent to the disposal of MAB to Fortis, MAB became the holding company of the insurance business and was renamed as Mayban Fortis Holdings Berhad.

(vi) Following the approval by Bank Negara Malaysia, MGAB entered into negotiation to acquire the general insurance business of Safety Insurance Berhad. The negotiation on this transaction is still ongoing.

(g) Establishment of Offshore Business Unit (OBU) Branch in Bahrain

On 19 May, 2001, the Bank's application for an OBU branch licence in Bahrain was approved by the Bahrain Monetary Agency. The Bank will proceed with the necessary registration with the Directorate of Commerce and Companies' Affairs at the Ministry of Commerce and Industry, Bahrain.

(h) Establishment of Commercial Banking Branch in Shanghai

On 26 July, 2000, the Bank was given a licence by the People's Bank of China to establish a commercial banking branch in Shanghai. The Branch commenced operations on 28 December, 2000.

(i) Appointment of Pelaburan Hartanah Nasional Berhad as Management Company for Mayban Property Trust Fund One.

On 13 October, 2000, the Bank entered into a conditional Sale and Purchase Agreement to acquire 300,000 ordinary shares of RM1 each in Pelaburan Hartanah Nasional Berhad (PHNB) from Permodalan Nasional Berhad, a corporate shareholder of the Bank, for a cash consideration of RM1.

In connection therewith, a conditional approval from the Securities Commission was obtained on 4 May, 2001 for the appointment of PHNB as the management company for Mayban Property Trust Fund One (MPTFO). MPTFO is a property trust fund currently managed by Mayban Property Trust Management Berhad, a wholly owned subsidiary of the Bank.

(j) Acquisition of Kewangan Bersatu Berhad (KBB) by Mayban Finance Berhad (MFB)

The acquisition of KBB by MFB is in the process of being finalised. As at the end of the financial year, MFB is managing the operations of KBB under a Management Agreement entered into between MFB and KBB on 30 March, 2000.

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS)

BALANCE SHEETS AS AT 30 JUNE, 2001

	Note	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
ASSETS					
Cash and short-term funds	(a)	**1,116,360**	1,457,540	**1,302,442**	1,195,602
Deposits and placements with banks and other financial institutions	(b)	**299,272**	70,738	**197,581**	40,783
Dealing securities	(c)	**135,879**	–	**–**	–
Investment securities	(d)	**2,326,252**	1,175,824	**1,578,656**	280,549
Loans and advances	(e)	**6,409,411**	3,656,970	**4,667,212**	2,050,261
Other assets		**71,402**	55,166	**21,438**	26,321
		10,358,576	6,416,238	**7,767,329**	3,593,516
LIABILITIES					
Deposits from customers	(f)	**7,869,274**	5,022,334	**6,165,688**	2,908,182
Deposits and placements of banks and other financial institutions	(g)	**1,195,692**	799,568	**412,076**	233,806
Obligations on securities sold under repurchased agreements		**65,754**	300	**65,754**	300
Bills and acceptances payable		**425,373**	32,257	**470,694**	32,257
Other liabilities		**467,990**	373,629	**397,514**	262,502
		10,024,083	6,228,088	**7,511,726**	3,437,047
Islamic banking fund	(h)	**334,493**	188,150	**255,603**	156,469
		10,358,576	6,416,238	**7,767,329**	3,593,516
COMMITMENTS AND CONTINGENCIES	(l)	**1,948,904**	762,206	**1,758,637**	685,985

The accompanying notes form part of these balance sheets.

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2001

	Note	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
Income	(i)	**306,351**	187,166	**170,525**	93,162
Loan loss and provision	(j)	**(82,933)**	(49,180)	**(26,147)**	(20,069)
Net income		**223,418**	137,986	**144,378**	73,093
Overhead expenses	(k)	**(12,887)**	(30,578)	**(12,249)**	(8,915)
Profit before taxation and zakat		**210,531**	107,408	**132,129**	64,178
Taxation		**(71,646)**	(41,058)	**(45,200)**	(19,499)
Zakat		**(2,042)**	(1,033)	**(295)**	(70)
Profit after taxation and zakat		**136,843**	65,317	**86,634**	44,609
Retained profits brought forward		**165,150**	99,833	**146,469**	101,860
Retained profits carried forward	(h)	**301,993**	165,150	**233,103**	146,469

The accompanying notes form part of these financial statements.

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(a) CASH AND SHORT-TERM FUNDS

	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
Cash and balances with banks and other financial institutions	**1,116,360**	1,457,540	**1,302,442**	1,195,602

(b) DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
Licensed banks	**113,900**	35,200	**90,300**	35,200
Licensed finance companies	**46,091**	1,055	**–**	–
Other financial institutions	**139,281**	34,483	**107,281**	5,583
	299,272	70,738	**197,581**	40,783

(c) DEALING SECURITIES

	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
Unquoted:				
Islamic debt securities	**135,879**	–	**–**	–
Indicative value of unquoted securities:				
Islamic debt securities	**135,950**	–	**–**	–

(d) INVESTMENT SECURITIES

	Group 2001 RM'000	Group 2000 RM'000	Bank 2001 RM'000	Bank 2000 RM'000
Money market instruments:				
Unquoted:				
Malaysian government investment certificates and issues	**610,173**	368,897	**410,331**	84,118
Islamic debt securities	**664,205**	567,760	**288,182**	57,418
Islamic accepted bills	**304,267**	91,013	**125,229**	91,013
Bank Negara Malaysia Bills	**600,764**	–	**600,764**	–
Negotiable Islamic certificate of deposit	**154,150**	–	**154,150**	–
	2,333,559	1,027,670	**1,578,656**	232,549
Quoted:				
Cagamas Mudharabah bonds	**–**	48,000	**–**	48,000
	2,333,559	1,075,670	**1,578,656**	280,549

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(d) INVESTMENT SECURITIES (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Other unquoted securities:				
Commercial bills, bonds and notes	**–**	101,956	**–**	–
	2,333,559	1,177,626	**1,578,656**	280,549
Amortisation of premium less accretion of discounts	**6,693**	10,198	**–**	–
	2,340,252	1,187,824	**1,578,656**	280,549
Provision for diminution in value of Islamic debt securities	**(14,000)**	(12,000)	**–**	–
	2,326,252	1,175,824	**1,578,656**	280,549
Indicative market value of unquoted securities:				
Cagamas Mudharabah bonds	**–**	48,000	**–**	48,000
Bank Negara Malaysia bills	**600,870**	–	**600,870**	–
	600,870	48,000	**600,870**	48,000

The maturity structure of money market instruments held for investment are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Maturing within one year	**1,300,582**	411,211	**1,043,096**	228,025
One year to three years	**728,076**	317,715	**410,331**	–
Three years to five years	**243,805**	282,759	**125,229**	38,740
After five years	**61,096**	165,941	**–**	13,784
	2,333,559	1,177,626	**1,578,656**	280,549

(e) LOANS AND ADVANCES

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Overdrafts	**315,678**	232,237	**315,678**	232,237
Term financing	**7,969,703**	2,840,947	**6,975,911**	2,227,797
Trust receipts	**72,761**	121,916	**72,760**	31,462
Hire purchase receivables	**1,704,772**	1,679,240	**–**	–
Other financing	**910,085**	886,617	**828,275**	735,880
	10,972,999	5,760,957	**8,192,624**	3,227,376

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(e) LOANS and ADVANCES (cont'd)

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unearned income	**(4,340,189)**	(1,912,362)	**(3,424,918)**	(1,119,098)
Gross loans and advances	**6,632,810**	3,848,595	**4,767,706**	2,108,278
Provision for bad and doubtful debts				
- Specific	**(99,616)**	(103,919)	**(30,780)**	(27,442)
- General	**(79,406)**	(46,560)	**(52,265)**	(22,060)
Income-in-suspense	**(44,377)**	(41,146)	**(17,449)**	(8,515)
Net loans and advances	**6,409,411**	3,656,970	**4,667,212**	2,050,261

(i) Loans and advances analysed by concepts are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Al-Bai' Bithaman Ajil	**4,094,832**	1,462,498	**3,870,142**	1,341,936
Al-Ijarah	**1,327,909**	1,290,743	**–**	–
Al-Murabahah	**896,178**	766,234	**896,178**	766,234
Other principles	**313,891**	329,120	**1,386**	108
	6,632,810	3,848,595	**4,767,706**	2,108,278

(ii) Loans and advances analysed by their economic purposes are as follows:

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Agriculture	**515,249**	48,687	**510,496**	48,510
Manufacturing	**693,340**	536,727	**691,855**	511,148
Electricity, gas and water	**695,996**	85,097	**695,758**	79,322
Construction	**353,906**	280,064	**348,513**	251,688
Real estate	**13,522**	5,032	**10,399**	5,032
Purchase of landed properties:				
- Residential	**1,872,980**	674,503	**1,648,291**	555,075
- Non-residential	**339,518**	233,279	**202,847**	112,155
General commerce	**183,270**	100,213	**180,947**	100,213
Transport, storage and communication	**176,509**	165,435	**165,488**	160,616
Finance, insurance and business service	**72,720**	61,084	**71,873**	24,350
Purchase of securities	**208,578**	271,202	**147,658**	207,321
Purchase of transport vehicles	**1,363,477**	1,320,645	**80**	–
Consumption credit	**113,066**	57,139	**66,134**	43,452
Others	**30,679**	9,488	**27,367**	9,396
	6,632,810	3,848,595	**4,767,706**	2,108,278

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(e) LOANS AND ADVANCES (cont'd)

(iii) The maturity structure of loans and advances are as follows:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Maturing within one year	**1,544,826**	1,110,405	**1,415,252**	1,090,970
One year to three years	**240,472**	212,955	**91,308**	5,309
Three years to five years	**580,030**	488,943	**95,198**	104,380
After five years	**4,267,482**	2,036,292	**3,165,948**	907,619
	6,632,810	3,848,595	**4,767,706**	2,108,278

(iv) Movements in the non-performing loans and advances (including income receivables) are as follows:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Balance at beginning of year	**313,805**	232,303	**116,001**	38,675
Classified during the year	**335,701**	253,001	**92,879**	88,657
Transfer of non-performing loans upon acquisitions	**16,236**	–	**15,726**	–
Recovered/regularised during the year	**(210,865)**	(162,636)	**(37,047)**	(10,004)
Amount written off	**(78,023)**	(8,863)	**(955)**	(1,327)
Balance at end of year	**376,854**	313,805	**186,604**	116,001

(v) Movements in the provision for bad and doubtful debts and income-in-suspense are as follows:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Specific Provision				
Balance at beginning of year	**103,919**	59,770	**27,442**	13,285
Provision made during the year	**134,357**	85,736	**27,310**	19,946
Transferred upon acquisitions	**13,450**	–	**6,268**	–
Amount written back in respect of recoveries	**(98,691)**	(35,591)	**(29,712)**	(4,883)
Amount written off	**(53,419)**	(5,996)	**(528)**	(906)
Balance at end of year	**99,616**	103,919	**30,780**	27,442
General provision				
Balance at beginning of year	**46,560**	38,903	**22,060**	17,060
Provision made during the year	**31,000**	9,331	**28,500**	5,000
Transferred upon acquisitions	**1,846**	–	**1,705**	–
Amout written off	**–**	(1,674)	**–**	–
Balance at end of year	**79,406**	46,560	**52,265**	22,060

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(v) Movements in the provision for bad and doubtful debts and income-in-suspense are as follows: (cont'd)

	Group		Bank	
Income-in-suspense				
Balance at beginning of year	**41,146**	18,532	**8,515**	2,302
Provision made during the year	**45,978**	36,897	**14,924**	10,071
Transferred upon acquisitions	**1,169**	–	**716**	–
Amount written back in respect of recoveries	**(25,099)**	(13,323)	**(6,240)**	(3,437)
Amount written off	**(18,817)**	(960)	**(466)**	(421)
Balance at end of year	**44,377**	41,146	**17,449**	8,515

(f) DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Demand deposits	**1,241,706**	685,588	**1,241,706**	685,588
Savings deposits	**860,640**	509,371	**750,553**	428,729
General investment deposits	**5,742,037**	3,793,111	**4,148,538**	1,759,601
Special investment deposits	**24,891**	34,264	**24,891**	34,264
	7,869,274	5,022,334	**6,165,688**	2,908,182

(i) The maturity structure of general and special investment deposits are as follows:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Due within six months	**5,173,377**	3,644,264	**3,694,812**	1,675,865
Six months to one year	**580,459**	165,583	**472,093**	111,437
One year to three years	**9,763**	16,094	**5,000**	5,945
Three years to five years	**3,329**	1,434	**1,524**	618
	5,766,928	3,827,375	**4,173,429**	1,793,865

(ii) The deposits are sourced from the following customers:

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Business enterprises	**3,491,408**	2,295,969	**2,429,712**	811,112
Individuals	**1,586,936**	1,133,240	**1,203,613**	732,880
Others	**2,790,930**	1,593,125	**2,532,363**	1,364,190
	7,869,274	5,022,334	**6,165,688**	2,908,182

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(g) DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Licensed banks	**539,837**	747,913	**363,465**	196,167
Licensed finance companies	**30,257**	5,247	**–**	–
Other financial institutions	**625,598**	46,408	**48,611**	37,639
	1,195,692	799,568	**412,076**	233,806

(h) ISLAMIC BANKING FUND

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Funds allocated from Head Office	**32,500**	23,000	**22,500**	10,000
Retained profits	**301,993**	165,150	**233,103**	146,469
	334,493	188,150	**255,603**	156,469

(i) INCOME FROM THE OPERATIONS OF IBS

	Group		Bank	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Income derived from investment of depositors' funds	**538,927**	340,152	**325,350**	183,566
Income attributable to depositors:				
- Other customers	**(171,906)**	(107,146)	**(120,995)**	(60,766)
- Banks and financial institutions	**(54,233)**	(37,905)	**(25,715)**	(21,107)
Income attributable to the Group/ Bank:	**312,788**	195,101	**178,640**	101,693
Other IBS income	**14,316**	5,762	**12,638**	5,166
Other IBS expenses	**(20,753)**	(13,697)	**(20,753)**	(13,697)
	306,351	187,166	**170,525**	93,162

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(i) INCOME FROM THE OPERATIONS OF IBS (cont'd)

Details of the income derived from investment of depositors' funds and funds allocated from Head Office are as follows:

	Group		Bank	
	Depositor's funds RM'000	IBF RM'000	Depositor's funds RM'000	IBF RM'000
2001				
Income from financing	**504,944**	**–**	**299,860**	**–**
Investment income:				
Gain from sale of dealing securities	**8**	**–**	**–**	**–**
Gain/(loss) from sale of investment securities	**4,921**	**715**	**(225)**	**–**
Gross dividend from investment securities	**29,792**	**–**	**25,238**	**–**
Provision for diminution in value of investment securities	**(2,000)**	**–**	**–**	**–**
Fee income:				
Commission	**784**	**–**	**–**	**–**
Service charges and fees	**443**	**6,990**	**443**	**6,990**
Other fee income	**35**	**6,348**	**34**	**5,648**
Other non-operating income	**–**	**263**	**–**	**–**
	538,927	**14,316**	**325,350**	**12,638**
2000				
Income from financing	307,698	–	167,280	–
Investment income:				
Gain from sale of investment securities	11,312	378	–	–
Gain from sale of dealing securities	112	–	–	–
Gross dividend from investment securities	26,953	–	15,911	–
Provision for diminution in value of investment securities	(6,962)	–	–	–
Fee income:				
Commission	–	3,167	–	3,167
Service charges and fees	348	1,999	348	1,999
Other fee income	691	147	27	–
Other non-operating income	–	71	–	–
	340,152	5,762	183,566	5,166

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(j) LOAN LOSS AND PROVISION

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Provision for bad and doubtful debts:				
- Specific (net)	**35,666**	50,145	**(2,402)**	15,063
- General	**31,000**	9,331	**28,500**	5,000
Bad debts:				
- Written off	**16,307**	(10,213)	**56**	6
- Recovered	**(40)**	(83)	**(7)**	–
	82,933	49,180	**26,147**	20,069

(k) OVERHEAD EXPENSES

	Group		Bank	
	2001 RM'000	**2000 RM'000**	**2001 RM'000**	**2000 RM'000**
Personnel costs	**6,849**	4,954	**6,580**	4,954
Establishment costs	**2,583**	3,928	**2,509**	1,676
Marketing costs	**442**	197	**441**	186
Administration and general expenses	**3,013**	21,499	**2,719**	2,099
	12,887	30,578	**12,249**	8,915

(l) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank and its subsidiary companies make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposure of the Bank and its subsidiary companies as at 30 June are as follows:

	2001		2000	
	Principal RM'000	**Credit Equivalent RM'000**	**Principal RM'000**	**Credit Equivalent RM'000**
Group				
Direct credit substitutes	**42,015**	**42,015**	4,259	4,259
Certain transaction-related contingent items	**77,090**	**38,545**	41,555	20,777
Short-term self-liquidating trade related contingencies	**52,420**	**10,484**	8,477	1,695
Housing loans and hire purchase sold directly and indirectly to Cagamas Berhad	**141,812**	**141,812**	65,960	65,960
Irrevocable commitments to extend credit:				
- maturing within one year	**924,932**	**–**	367,126	–
- maturing after one year	**560,890**	**280,445**	138,571	69,286
Miscellaneous	**149,745**	**–**	136,258	–
	1,948,904	**513,301**	762,206	161,977

35. THE OPERATIONS OF ISLAMIC BANKING SCHEME (IBS) (cont'd)

(l) COMMITMENTS AND CONTINGENCIES (cont'd)

	2001		2000	
	Principal RM'000	**Credit Equivalent RM'000**	**Principal RM'000**	**Credit Equivalent RM'000**
Bank				
Direct credit substitutes	**42,015**	**42,015**	4,259	4,259
Certain transaction-related contingent items	**77,090**	**38,545**	41,555	20,777
Short-term self-liquidating trade related contingencies	**52,420**	**10,484**	8,477	1,695
Housing loans and hire purchase sold directly and indirectly to Cagamas Berhad	**141,812**	**141,812**	65,960	65,960
Irrevocable commitments to extend credit:				
- maturing not exceeding one year	**813,817**	**–**	322,415	–
- maturing exceeding one year	**481,738**	**240,869**	107,061	53,531
Miscellaneous	**149,745**	**–**	136,258	–
	1,758,637	**473,725**	685,985	146,222

36. LIFE FUND BALANCE SHEET AS AT 30 JUNE, 2001

	Group	
	2001 RM'000	**2000 RM'000**
ASSETS		
Cash and short-term funds	**52,614**	3,635
Deposits and placements with banks and other financial institutions	**291,412**	182,280
Investment securities	**568,700**	335,868
Loans and advances	**15,829**	–
Other assets	**100,595**	134,103
Property, plant and equipment	**17,234**	6,207
Total life business assets	**1,046,384**	662,093
LIABILITIES		
Other liabilities	**81,305**	56,291
Total life business liabilities	**81,305**	56,291
Life policyholders' funds	**965,079**	605,802
	1,046,384	662,093

37. COMPARATIVE FIGURES

The comparative figures have been audited by a firm of public accountants other than Arthur Andersen & Co.

The following balance sheets comparative figures of the Group and the Bank have been reclassified to conform with current year's presentation:

	Group		Bank	
	As amended RM'000	As previously reported RM'000	As amended RM'000	As previously reported RM'000
ASSETS				
Cash and short-term funds	16,191,825	16,195,460	13,038,751	13,038,751
Deposits and placements with banks and other financial institutions	5,657,904	5,840,184	5,235,991	5,235,991
Investment securities	18,541,662	18,525,301	11,918,578	11,566,349
Loans and advances	79,197,598	79,826,134	61,003,926	61,606,462
Other assets	1,977,375	2,111,478	1,063,239	1,063,239
Property, plant and equipment	1,142,222	1,148,429	792,196	792,196
Life fund assets	662,093	–	–	–
LIABILITIES				
Bills and acceptances payable	5,434,048	5,667,843	5,365,290	5,599,086
Other liabilities	3,494,154	4,172,759	1,852,409	1,868,921
Life fund liabilities	56,291	–	–	–
Life policy holders' funds	605,802	–	–	–

The comparative figures of the Group have been reclassified as the life fund assets, liabilities and policyholders' funds have been presented separately.

38. CURRENCY

All amounts are in Ringgit Malaysia unless otherwise stated.

Jailani is someone who enjoys working hard, but has since learnt to be more efficient. He knows now the extra time he saves can be put to better use, like improving his golf.

Maybank2u.com's Online Bill Payment service is like that, so you too, can get your bills paid more quickly and more efficiently so you can get more out of your life.

And paying your bills has never been easier. At the click of a mouse, you have your transactions done in no time. No more queues. No more traffic jams. No more hassles. And you can do it 24 hours a day, 7 days a week. Anytime. Anywhere.

You can now pay your Telekom, Tenaga, Maxis, Astro, credit cards... and hundreds of other bills online, all in one place. And with more partners joining us, you can be assured that paying your bills will be even more convenient.

Maybe it's time for you to pick up golf too...

Maybank2u.com PayBills™ making every moment count

So many people have used it. Have u?

www.Maybank2u.com making every moment count online bill payment.

Malayan Banking Berhad (3813-K)

Group Corporate HIGHLIGHTS

July 2000 - June 2001

July 2000 ● The new premises of Maybank Bandar Seri Begawan Branch was officially launched by the Deputy Finance Minister of Brunei, Dato Seri Paduka Awang Haji Selamat bin Haji Munap. The new premises is a reflection of Maybank's commitment to its operations in Brunei and aims to enhance services to customers in Bandar Seri Begawan.

● Maybank Group presented Academic Excellence Awards to 54 children of its staff in the Klang Valley in recognition of their excellent academic achievements in 1999 public examinations. ■

August 2000 ● Maybank was awarded the "Best Domestic Bank in Malaysia" award by Euromoney while Aseambankers Malaysia Berhad, its merchant banking subsidiary, received Euromoney's awards for "Best Domestic Bond House" and "Best Domestic Equity House" in Malaysia.

● A signing ceremony for a Sale & Purchase Agreement was held between Maybank and Pacific Bank Berhad for the proposed acquisition of the banking business of Pacific Bank including its wholly-owned subsidiary companies, namely P. B. Holdings Sdn Bhd, Pacific Nominees (Tempatan) Sdn Bhd and Pacific Nominees (Asing) Sdn Bhd.

● Maybank signed a Sale & Purchase Agreement with Phileo Allied Berhad and Phileo Allied Finance (Malaysia) Berhad to acquire 100% of PhileoAllied Bank (Malaysia) Berhad and 100% of PhileoAllied Securities Berhad. ■

September 2000 ● A signing ceremony on the appointment of Mayban Investment Management Sdn Bhd as the external fund manager for Mayban Management Berhad was held in Kuala Lumpur. Under the agreement, Mayban Investment Management Sdn Bhd would manage over RM850 million worth of funds for Mayban Management Berhad.

● A total of 366 employees of Maybank who had served the Bank for 10 years were awarded a gold coin and certificate each at a long service award ceremony held at Menara Maybank.

● Maybank Singapore's first 24-hour Autolobby was launched at its newly relocated Balestier Plaza Branch.

● Maybank, together with United Overseas Bank (M) Berhad and Overseas Union Bank (M) Berhad signed a RM310 million financing facility with MTD Construction Sdn Bhd. Under the agreement, Maybank would finance RM185 million for the construction works of phase 1 of the East Coast Expressway project.

● Maybank Singapore launched *Money Map*, a comprehensive financial planning programme that not only offers insurance and unit trusts but also encompasses an array of banking products.

● Aseambankers signed an Underwriting Agreement with Heitech Padu Berhad in relation to the listing of the Company on the KLSE Main Board. ■

October 2000 ● A signing ceremony between Maybank and Majlis Bandaraya Ipoh was held in Ipoh. Under the agreement, Maybank customers who use the Maybank2u.com service can make bill payments to Majlis Bandaraya Ipoh through the internet.

● A total of 33 students from various local universities were presented with scholarships by Maybank.

● Maybank presented awards to its long serving employees at a presentation ceremony held in Kuala Lumpur. A total of 257 employees who had served the Bank for 20 years and 30 years received a gold coin and plaque each.

● The 40th Annual General Meeting of the shareholders of Maybank was held at Putra World Trade Centre, Kuala Lumpur. ■

November 2000 ● In conjunction with the Maybank Group Board of Directors Meetings held in Penang, the Maybank Group donated RM5,000 to St. Nicholas Home as part of its on-going community relations programme to assist the needy.

● Maybank Group celebrated Deepavali by donating gift packs and cash totalling RM29,000 to 62 underprivileged children during a party held at Menara Maybank. This is in line with the Group's commitment to bring cheer and help the underprivileged during festive seasons.

● A signing ceremony between Maybank and Telekom Malaysia was held in which Maybank would subscribe to Telekom Malaysia's Corporate Information Super-highway (COINS) network solution for the bank's wide area network requirements. In addition, the agreement was for the introduction of a new Multiple Partner Loyalty Programme for Maybank credit cardholders.

● Mayban Management Berhad launched its first Islamic unit trust fund - Mayban Dana Yakin. The launch was officiated by the Deputy Finance Minister I, Datuk Dr Shafie bin Mohd Salleh. The fund is managed under strict Syariah principles and is offered to both Muslim and non-Muslim investors.

● Maybank Singapore Treasury Settlement Unit, the processing center for the Bank's treasury business, was awarded the prestigious ISO 9002 certification.

● Maybank Singapore launched its mobile phone banking service to cater for the convenience of its busy customers.

● An agreement for a credit card autopay programme was signed between Maybank and Tenaga Nasional Berhad (TNB). Under the agreement, Maybank and Mayban Finance cardholders will enjoy the convenience of an automatic payment facility known as Recurring Payment System for their TNB bills.

● Aseambankers acted as a Joint Lead Manager and Programme Agent for Telekom Malaysia's inaugural Ringgit Denominated Islamic Private Debt Securities of up to RM700 million. ■

December 2000

● Maybank signed an agreement with 14 banks for a US$200 million syndicated loan. The loan was to fund Maybank's US Dollar assets as well as to refinance matured borrowings of the Bank.

● Mayban Finance Berhad was awarded the Crystal Award 2000 under the Community Relations category by the Institute of Public Relations Malaysia (IPRM) for the "Harapan" segment aired on TV3.

● Mayban Life moved its headquarters to its own tower at Dataran Maybank, together with Mayban Assurance and Mayban Finance. Its first customer service centre was established on the ground floor of Dataran Maybank.

● Aseambankers acted as the Financial Advisor, Lead Arranger and Programme Agent for Malaysian Newsprint Industries Sdn Bhd's Islamic Private Debt Securities Issuance programme of up to RM923 million.

● Aseambankers signed an Underwriting Agreement with Ranhill Berhad in relation to the listing of the Company on the KLSE Main Board.

● Maybank opened its first branch in mainland China, located in Shanghai, the commercial centre of China. ■

January 2001

● The operations of Pacific Bank Berhad was merged with Maybank.

● In conjunction with the Hari Raya Aidilfitri celebration, Maybank Group organised a special gathering and donated RM70,000 to the sick and underprivileged. This is in line with the Group's commitment to care for the needy.

● Maybank launched its Visa Platinum credit card in Kuala Lumpur. This new exclusive credit card aims to meet the needs of selected customers and offers greater financial flexibility in recognition of their lifestyles. ■

February 2001

● A signing ceremony between Maybank and Fortis International N. V. was held in Kuala Lumpur. Under the agreement, Fortis would purchase a 30% equity interest in Maybank's life and non-life insurance business amounting to approximately RM340 million.

● Maybank Singapore was the first financial institution to introduce online real-time interface with stock-broking houses. Maybank's partnership with Fraser Securities, the oldest broking house in Singapore, is the first of its kind between a financial institution and a broking house to offer on-line real time share margin financing.

● Maybank and Mayban Venture Capital Company Sdn Bhd (MVCC) signed an agreement with SCS Computer Systems Sdn Bhd and TX123 (S) Pte Ltd for an e-commerce joint venture called TX123 (M) Sdn Bhd.

● Maybank Group held a special gathering for a group of underprivileged children at Menara Maybank as well as donated RM65,000 in cash and gifts to the needy in conjunction with the Chinese New Year celebration.

● Maybank signed a memorandum of understanding with Tenaga Nasional Malaysia on the 'e-click n pay' service. With this agreement, Maybank credit cardholders can settle their electricity bills conveniently via the internet.

● Maybank together with KAF Discount Berhad signed an agreement with Commerce dot com on the issue of RM100 million Islamic bonds to finance its e-procurement system. Under the agreement, Maybank subscribed to 40% of the issue.

● The "China-Maybank Friendship Art Exhibition" was launched by the Chinese Ambassador to Malaysia, H. E. Guan Dengming at Balai Seni Maybank. This art exhibition was to commemorate the opening of Maybank Shanghai branch in China. The exhibition featured works of two Chinese artists who had won many awards for their works in China.

● The Mayban Assurance merger with UMBC Insurans was completed and UMBC Insurans was renamed Mayban General Assurance Berhad. ■

March 2001

● The operations of PhileoAllied Bank was merged with Maybank.

● The new premises of Maybank Phnom Penh was officially opened by H. E. Samdec Hun Sen, Prime Minister of the Royal Government of Cambodia. With the new premises, customers can do their banking transactions in a more pleasant and convenient banking environment.

● Maybank together with Mayban Finance signed an agreement with Digi Telecommunications in which our ATM and credit cardholders can purchase the Digi Prepaid Reload Coupons via Kawanku ATMs.

● A signing ceremony was held between Maybank and MyETutor.com for an online education payment gateway. Under this agreement, Maybank internet banking customers can pay their subscriptions to MyETutor.com via the Maybank2u.com portal.

● Maybank was named the "Best Malaysian Bank" by The Asset magazine for the year 2001 in the Asset Asian Awards. The award was presented to Maybank Executive Director, Dato' Ismail Shahudin in Kuala Lumpur by the Director and Editor-in-Chief of The Asset magazine, Ms Sarah Sargent.

● Mayban Life Assurance Berhad launched "PremierLady" - its first product designed specifically for women. It provides coverage for common illnesses affecting women as well as a range of optional maternity benefits.

● The Mayban Assurance Berhad-UMBC Insurans Integration Team was selected the winner of the Malaysian Association of Risk and Insurance Management's "Risk Manager of the Year 2000", for its successful merger and integration exercise.

● Mayban Securities Sdn Bhd relocated its operations to its new premises at Dataran Maybank.

● Finance Minister, Tun Daim Zainuddin officially opened Maybank Shanghai branch. The event was also attended by the Malaysian Ambassador to China, H. E. Dato' Abdul Majid bin Ahmad Khan and the Governor of Bank Negara Malaysia, Tan Sri Dato' Dr Zeti Akhtar Aziz.

● Maybank Singapore introduced a new way of banking at its new Capital Tower Branch. A first for Maybank globally is the teller sit-in counter where customers are seated at the counters instead of standing while carrying out their banking transactions. ■

April 2001

● Maybank successfully completed its systems integration with the former Pacific Bank.

● Mayban Securities Sdn Bhd successfully merged with Phileo Allied Securities Berhad. Mayban Securities now has a branch in Ipoh.

● Maybank Singapore launched its online financial services, Maybank2u.com, as an additional channel to its current suite of electronic delivery services to meet customers' convenience and lifestyle. The internet banking service is accessed via www.maybank2u.com.sg and is available 24 hours a day. ■

May 2001

● Maybank completed its whole merger process with former Pacific Bank and PhileoAllied Bank following the successful systems integration exercise with PhileoAllied Bank.

● Maybank completed its Voluntary Separation Scheme as part of its rationalisation and consolidation exercise. The scheme was opened to all permanent employees of Maybank in Malaysia in which a total of 1,230 applications were approved.

● Mayban Life International (Labuan) Ltd launched the first Global Convertible Bond Fund (GCBF) in the country under the flagship offshore investment linked product, Maybank Global Invest (MGI). GCBF offers a dynamic investment option with attractive risk reward and equity-like growth potential to its investors.

● Maybank Group launched its enhanced "Fac3plus" package for SMI and business customers. The new package offers greater financial flexibility and benefits to business customers.

● Maybank signed a RM200,000 sponsorship with the New Straits Times Press Berhad as a platinum sponsor of the NST Million Ringgit Charity Rubber Duck Race 2001. All proceeds from the sale of Duck Adoption Certificates will be channeled to the Maybank Group Bone Marrow Transplant Centre at Hospital Universiti Kebangsaan Malaysia.

● Maybank was awarded the Asia 2001 Award for "Best Investor Relations by a Malaysian Company" by Investor Relations magazine of United Kingdom. The General Manager of Maybank Hong Kong, Mr Amos Ong Seet Joon received the award on behalf of the Bank.

● Mayban Finance Berhad sponsored the 10th year Kem Remaja 2001 which was held at Perak Co-curriculum Centre, Pangkor Island. A total of 99 Form Four students from all over Malaysia attended the camp. ■

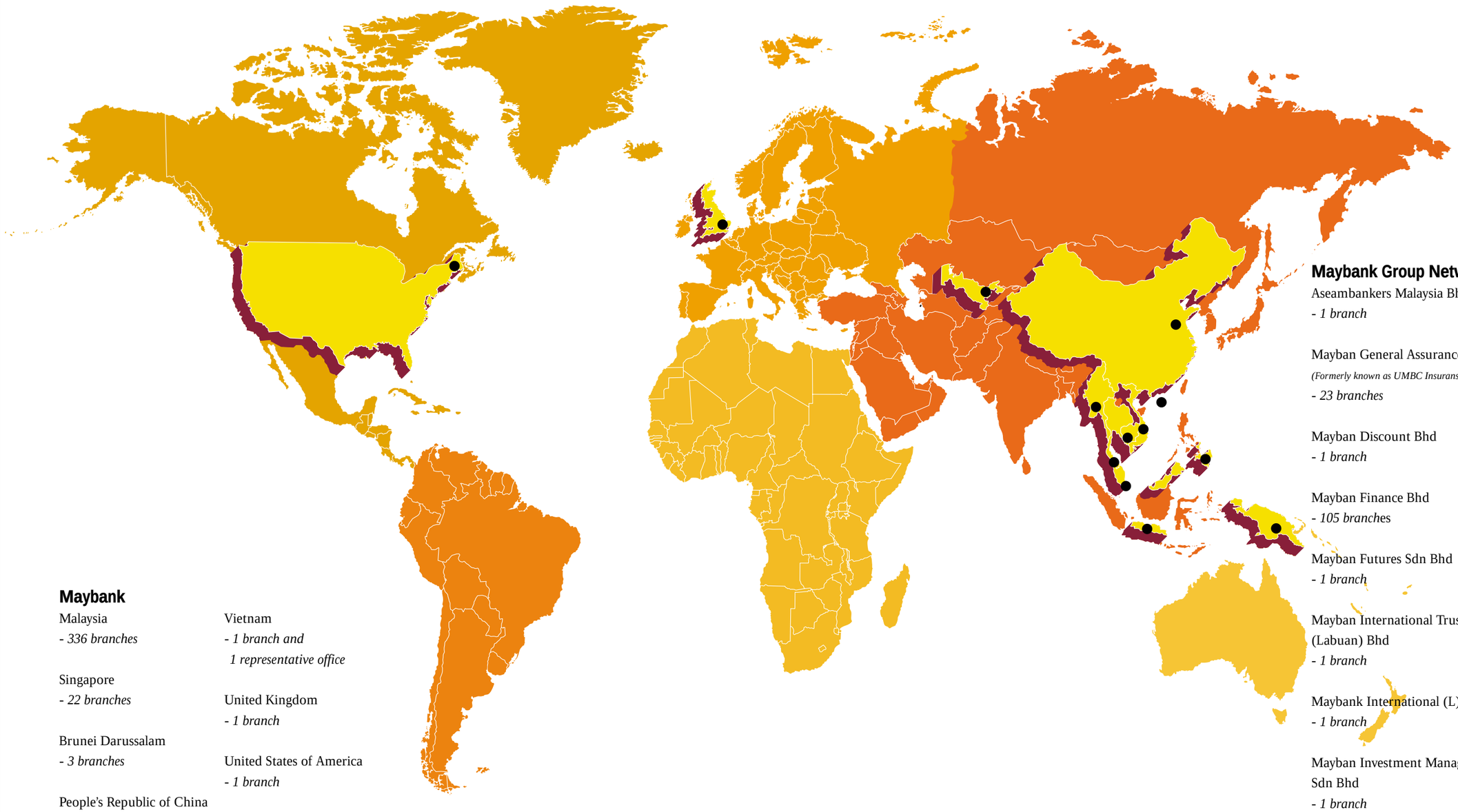
June 2001

● An art exhibition entitled "Duo Sensitivity" was held at Balai Seni Maybank. The exhibition was jointly organised by Maybank and Very Special Arts (VSA) of Singapore. A total of 38 art pieces by 12 artists with disabilities were featured in the exhibition.

● A total of 44 employees who had served Mayban Finance Berhad for a period of 10 to 20 years were awarded long service awards at a presentation ceremony held at Mayban Life Tower, Dataran Maybank.

● A signing ceremony for smart partnership between Maybank and I-Berhad was held. Under the agreement, Maybank and Mayban Finance credit cardholders would get preferential rates for purchases of I-Berhad products. The ceremony was witnessed by the Deputy Finance Minister II, Dato' Chan Kong Choy and Maybank Vice Chairman, Dato' Richard Ho.

● The National Library Board introduced Singapore's First Remote Book Drop Service in the heart of the republic's financial district at the 24-hour auto-lobby of Maybank Capital Tower Branch. The joint project between the National Library Board and Maybank Singapore provides a convenient point for customers working in the financial district to return books and magazines at a location where there is no National Library Branch nearby. ■



Maybank

Malaysia
- 336 branches

Singapore
- 22 branches

Brunei Darussalam
- 3 branches

People's Republic of China
- 1 branch and
1 representative office

Hong Kong SAR
- 1 branch

Vietnam
- 1 branch and
1 representative office

United Kingdom
- 1 branch

United States of America
- 1 branch

Cambodia
- 1 branch

Uzbekistan
- 1 representative office

Maybank Group Network

Aseambankers Malaysia Bhd
- 1 branch

Mayban General Assurance Bhd
(Formerly known as UMBC Insurans Bhd)
- 23 branches

Mayban Discount Bhd
- 1 branch

Mayban Finance Bhd
- 105 branches

Mayban Futures Sdn Bhd
- 1 branch

Mayban International Trust (Labuan) Bhd
- 1 branch

Maybank International (L) Ltd
- 1 branch

Mayban Investment Management Sdn Bhd
- 1 branch

Mayban Life Assurance Bhd
- 1 branch

Mayban Management Bhd
- 1 branch

Maybank Philippines Inc (Philippines)
- 58 branches

Maybank (PNG) Ltd (Papua New Guinea)
- 2 branches

Mayban Property Trust Management Bhd
- 1 branch

Mayban Securities Sdn Bhd
- 2 branches

Mayban Trustees Bhd
- 1 branch

Mayban Ventures Sdn Bhd
- 1 branch

P.T. Bank Maybank Indocorp
(Formerly known as P.T. BANK MAYBANK NUSA INTERNATIONAL)
(Indonesia)
- 1 branch

Presenting The New

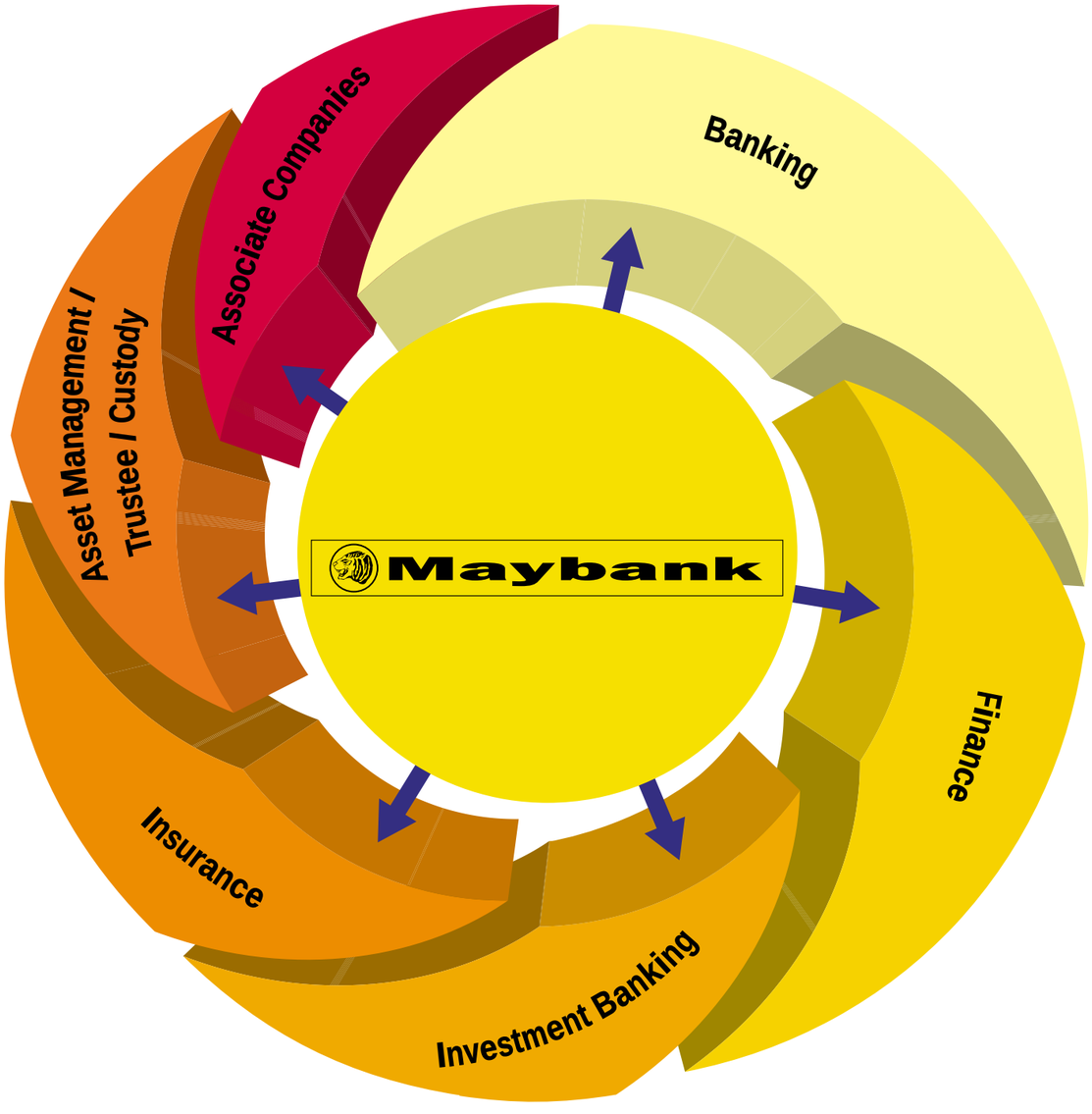
Maybank Tower

Maybank opens another chapter today with the inauguration of Maybank Tower. A 32-storey modern building situated right in the heart of Singapore's financial district, Maybank Tower is a symbol of Maybank's commitment to our customers. Building on our philosophy of continuously anticipating and meeting customers' needs, Maybank Tower shall be the foundation where we build a firmer partnership with our customers for the journey ahead. ***Maybank, always here for you.***

We were honoured to have Deputy Prime Minister, BG Lee Hsien Loong as the Guest of Honour for this momentous occasion.

Maybank Tower, 2 Battery Road, Singapore 049907.
1800-MAYBANK (1800-629 2265) Website: www.maybank2u.com.sg

The Mark Of Our Commitment To You



Banking

1	Maybank (PNG) Ltd	100%
2	P.T. Bank Maybank Indocorp *(Formerly known as P.T. BANK MAYBANK NUSA INTERNATIONAL)*	91.19%
3	Maybank Philippines Inc	99.59%
4	Maybank International (L) Ltd	100%
5	PhileoAllied Bank (Malaysia) Bhd	100%

Finance

1	Mayban Finance Bhd	100%
2	MFSL Ltd	100%
3	Aseamlease Bhd	100%
4	Mayban Factoring Bhd	100%
5	Aseam Credit Sdn Bhd	100%
6	Anfin Berhad	100%
7	Sifin Bhd *(Formerly known as SimeFinance Bhd)*	100%
8	Phileo Allied Credit & Leasing Sdn Bhd	100%
9	BPK Credit & Leasing Sdn Bhd	68.3%

Investment Banking

1	Aseambankers Malaysia Bhd	70.45%
2	Mayban Securities (Holdings) Sdn Bhd	100%
3	Mayban Securities Sdn Bhd	100%
4	Mayban Discount Bhd	91%
5	Mayban Futures Sdn Bhd	100%
6	Maysec (Ipoh) Sdn Bhd *(Formerly known as PhileoAllied Securities Sdn Bhd)*	100%
7	PhileoAllied Securities (Jersey) Ltd	100%
8	PhileoAllied Securities (HK) Ltd	100%
9	PhileoAllied Securities (UK) Ltd	100%
10	PhileoAllied Securities (US) Inc	100%
11	PhileoAllied Securities Philippines Inc	100%
12	Budaya Tegas Sdn Bhd	100%

Insurance

1	Mayban Fortis Holdings Bhd *(Formerly known as Mayban Assurance Bhd)*	70%
2	Mayban Life Assurance Bhd	62%
3	Mayban Life International (L) Ltd	43.40%
4	Mayban General Assurance Bhd *(Formely known as UMBC Insurans Bhd)*	64.83%

Asset Management/Trustee/Custody

1	Mayban Property Trust Management Bhd	100%
2	Mayban Management Bhd	93%
3	Mayban International Trust (Labuan) Bhd	100%
4	Mayban Offshore Corporate Services (Labuan) Sdn Bhd	100%
5	Mayban Trustees Bhd	100%
6	Mayban Ventures Sdn Bhd	91%
7	RPB Venture Capital Corporation	59.75%
8	Mayban-JAIC Capital Management Sdn Bhd	46%
9	Mayban Investment Management Sdn Bhd	89%
10	Philmay Property Inc	60%
11	Mayban (Nominees) Sdn Bhd	100%
12	Mayban Nominees (Tempatan) Sdn Bhd	100%
13	Mayban Nominess (Asing) Sdn Bhd	100%
14	Mayban Nominees (Singapore) Pte Ltd	100%
15	Mayban Nominees (Hong Kong) Limited	100%
16	Aseam Malaysia Nominees (Tempatan) Sdn Bhd	70.45%
17	Mayban Venture Capital Company Sdn Bhd	100%
18	Aseam Malaysia Nominees (Asing) Sdn Bhd	70.45%
19	Mayfin Nominees (Tempatan) Sdn Bhd	100%
20	Mayban Securities Nominees Sdn Bhd	100%
21	Mayban Securities Nominees (Tempatan) Sdn Bhd	100%
22	Mayban Securities Nominees (Asing) Sdn Bhd	100%
23	MFSL Nominees Pte Ltd	100%
24	AFMB Nominees (Tempatan) Sdn Bhd	100%
25	Mayban PB Holdings Sdn Bhd *(Formerly known as PB Holdings Sdn Bhd)*	100%
26	PhileoAllied Property Holding Sdn Bhd	100%
27	PhileoAllied Trustee Bhd	100%
28	AlliedBan Nominees (Tempatan) Sdn Bhd	100%
29	AlliedBan Nominees (Asing) Sdn Bhd	100%
30	BPK Nominees Sdn Bhd	98%
31	Mayban Pacific Nominees (Tempatan) Sdn Bhd *(Formerly known as Pacific Nominees (Tempatan) Sdn Bhd)*	100%
32	Mayban Pacific Nominees (Asing) Sdn Bhd *(Formerly known as Pacific Nominees (Asing) Sdn Bhd)*	100%
33	Mayban (PNG) Property Ltd	100%
34	Maysec Nominees (Asing) Sdn Bhd *(Formerly known as PhileoAllied Nominees (Asing) Sdn Bhd)*	100%
35	Maysec Nominees (Tempatan) Sdn Bhd *(Formerly known as PhileoAllied Nominees (Tempatan) Sdn Bhd)*	100%

Associate Companies

1	Uzbek Leasing International AO	35%
2	Malaysian Foreign Currency Clearing House Sdn Bhd	32%
3	Computer Recovery Centre Sdn Bhd	45%
4	Baiduri Securities Sdn Bhd	39%
5	Philmay Holding Inc	33.33%

GROUP DIRECTORY

COMMERCIAL BANKING

Maybank
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

P.T. Bank Maybank Indocorp
(Formerly known as P.T. BANK MAYBANK NUSA INTERNATIONAL)
BCD Tower Lt. 17
Jalan Jend. Sudirman
Kav. 26, Jakarta
12920, Indonesia

Maybank Philippines Incorporated
Legaspi Towers 300
Roxas Boulevard
Manila, Philippines

PhileoAllied Bank (Malaysia) Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

MERCHANT BANKING

Aseambankers Malaysia Bhd
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

OFFSHORE BANKING

Maybank International (L) Ltd
Lot B, Level 16,
Main Office Tower
Labuan Financial Park
Jalan Merdeka, 87000
Wilayah Persekutuan Labuan

BANKING AND FINANCIAL SERVICES

Maybank (PNG) Ltd
Corner Waigani Road/
Islander Drive
P.O. Box 882 Waigani,
National Capital District
Papua New Guinea

FINANCE COMPANY

Mayban Finance Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

MFSL Ltd
12th Floor,
Singapore Land Tower
50 Raffles Place #09-00,
Singapore 048623

Anfin Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Sifin Bhd
(Formerly known as SimeFinance Bhd)
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

GENERAL INSURANCE

Mayban Fortis Holdings Bhd
(Formerly known as Mayban Assurance Bhd)
Level 15,
MaybanLife Tower
Block C, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Mayban General Assurance Bhd
(Formerly known as UMBC Insurans Bhd)
Level 15,
MaybanLife Tower
Block C, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

LIFE INSURANCE

Mayban Life Assurance Bhd
Level 15, MaybanLife Tower
Block C, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Mayban Life International (Labuan) Ltd
Lot B, Level 16,
Main Office Tower
Labuan Financial Park
Jalan Merdeka, 87000
Wilayah Persekutuan Labuan

VENTURE CAPITAL

Mayban Ventures Sdn Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Venture Capital Company Sdn Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

RPB Venture Capital Corporation
Legaspi Towers 300
Roxas Boulevard
Manila, Philippines

STOCKBROKING

Mayban Securities Sdn Bhd
Level 8, MaybanLife Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Maysec (Ipoh) Sdn Bhd
(Formerly known as PhileoAllied Securities Sdn Bhd)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

PhileoAllied Securities (Jersey) Limited
Templer House, Don Road,
St. Helier Jersey
JE4 8WH, Channel Islands

PhileoAllied Securities (HK) Limited
Suite 3201, 32nd Floor,
9 Queen's Road, Central
Hong Kong

PhileoAllied Securities (UK) Limited
Hill House, 1 Little New Street,
London, England EC4A 3TR

PhileoAllied Securities (US) Inc
525 East 72 Street, New York
NY 10021

PhileoAllied Securities Philippines Inc.
Unit 906, Tower One &
Exchange Plaza,
Ayala Avenue, Makati
Metro Manila, Philippines

Budaya Tegas Sdn Bhd
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

INVESTMENT HOLDING

Mayban Securities (Holdings) Sdn Bhd
Level 8, MaybanLife Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Mayban PB Holdings Sdn Bhd
(Formerly known as PB Holdings Sdn Bhd)
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

LEASING & HIRE PURCHASE

Aseamlease Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

PhileoAllied Credit & Leasing Sdn Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

BPK Credit & Leasing Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

HIRE PURCHASE

Aseam Credit Sdn Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

DISCOUNT HOUSE

Mayban Discount Bhd
31st Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

PROPERTY TRUST FUND MANAGEMENT

Mayban Property Trust Management Bhd
28th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

UNIT TRUST FUND MANAGEMENT

Mayban Management Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

ASSET MANAGEMENT

Mayban Investment Management Sdn Bhd
34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

PROPERTY HOLDING

Philmay Property Inc.
Legaspi Towers 300
Roxas Boulevard
Manila, Philippines

PhileoAllied Property Holding Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

FUTURES BROKING

Mayban Futures Sdn Bhd
Level 4, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

TRUSTEE SERVICES

Mayban International Trust (Labuan) Bhd
Lot B, Level 16,
Main Office Tower
Labuan Financial Park Complex
Jalan Merdeka, 87007
Wilayah Persekutuan Labuan

Mayban Trustees Bhd
34th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

PhileoAllied Trustee Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

INVESTMENT ADVISORY

Mayban-JAIC Capital Management Sdn Bhd
26th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

PROVISION OF CORPORATE DIRECTORSHIP AND SECRETARYSHIP

Mayban Offshore Corporate Services (Labuan) Sdn Bhd
Lot B, Level 16,
Main Office Tower
Labuan Financial Park Complex
Jalan Merdeka, 87007
Wilayah Persekutuan Labuan

FACTORING SERVICES

Mayban Factoring Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

NOMINEE SERVICES

Mayban (Nominees) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Nominees (Tempatan) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Nominees (Asing) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Nominees (Singapore) Pte Ltd
12th Floor
Singapore Land Tower
50 Raffles Place, #09-00
Singapore 048623

Mayban Nominees (Hong Kong) Ltd
18F & 19F Entertainment Building
30 Queen's Road, Central
Hong Kong

Aseam Malaysia Nominees (Tempatan) Sdn Bhd
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Aseam Malaysia Nominees (Asing) Sdn Bhd
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayfin Nominees (Tempatan) Sdn Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Mayban Securities (Nominees) Sdn Bhd
Level 8, Mayban Life Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Mayban Securities Nominees (Tempatan) Sdn Bhd
Level 8, Mayban Life Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

Mayban Securities Nominees (Asing) Sdn Bhd
Level 8, Mayban Life Tower
Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

MFSL Nominees Pte Ltd
12th Floor,
Singapore Land Tower
50 Raffles Place #09-00
Singapore 048623

AFMB Nominees (Tempatan) Sdn Bhd
17th Floor, Dataran Maybank
No. 1, Jalan Maarof
59000 Kuala Lumpur

AlliedBan Nominees (Tempatan) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

AlliedBan Nominees (Asing) Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

BPK Nominees Sdn Bhd
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Pacific Nominees (Tempatan) Sdn Bhd
(Formerly known as Pacific Nominees (Tempatan) Sdn Bhd)
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Mayban Pacific Nominees (Asing) Sdn Bhd
(Formerly known as Pacific Nominees (Asing) Sdn Bhd)
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Maysec Nominees (Tempatan) Sdn Bhd
(Formerly known as PhileoAllied Nominees (Tempatan) Sdn Bhd)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

Maysec Nominees (Asing) Sdn Bhd
(Formerly known as PhileoAllied Nominees (Asing) Sdn Bhd)
33rd Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur

PROPERTY INVESTMENT

Mayban (PNG) Property Ltd
Corner Waigani Road/Islander Drive
P.O. Box 882 Waigani,
National Capital District
Papua New Guinea

PROPERTIES OWNED BY MAYBANK GROUP

Area	No. of Properties		Land Area (sq.m)	Book Value as at 30.06.01
	Freehold	Leasehold		
Maybank				
Kuala Lumpur	13	5	44,304.75	200,298,433.67
Johor Darul Takzim	16	8	15,718.00	45,031,482.46
Kedah Darul Aman	10	6	7,577.66	9,717,374.63
Kelantan Darul Naim	1	6	2,846.00	2,599,875.76
Melaka	1	6	4,170.00	6,019,269.54
Negeri Sembilan Darul Khusus	8	3	17,228.00	4,253,011.61
Pahang Darul Makmur	6	19	23,338.00	17,152,392.95
Perak Darul Ridzuan	15	9	14,608.65	17,968,954.07
Perlis Indera Kayangan	1	2	1,287.00	1,904,209.10
Pulau Pinang	11	7	11,599.74	17,152,392.95
Sabah	-	32	22,694.00	29,864,039.30
Sarawak	3	15	11,542.40	15,775,807.67
Selangor Darul Ehsan	18	14	104,552.00	112,697,856.54
Singapore	13	11	25,183.00	S$ 37,789,014.96
Hong Kong	-	2	193.00	HK$ 1,773,437.82
London	-	6	695.00	STG 537,477.49
Maybank International (L) Ltd				
Wilayah Persekutuan Labuan	3	2	1,090.11	USD 301,170.00
Mayban Finance Berhad				
Kuala Lumpur	12	10	324.79	86,158,905.39
Johor Darul Takzim	18	2	3,192.87	12,788,027.30
Kedah Darul Aman	7	4	1,650.72	3,211,389.36
Kelantan Darul Naim	-	2	298.00	1,167,037.98
Melaka	1	3	799.46	2,411,479.76
Negeri Sembilan Darul Khusus	6	2	3,061.27	2,150,274.55
Pahang Darul Makmur	4	4	1,009.48	2,612,423.83
Perak Darul Ridzuan	13	-	1,514.10	3,459,139.55
Perlis Indera Kayangan	-	1	188.00	300,732.02
Pulau Pinang	12	1	1,549.26	7,703,194.58
Sabah	0	8	1,335.59	5,716,719.82
Sarawak	6	6	1,779.70	6,037,117.02
Selangor Darul Ehsan	13	2	4,001.48	12,583,984.48
Trengganu Darul Iman	6	0	2,986.00	1,946,810.44

Area	No. of Properties		Land Area (sq.m)	Book Value as at 30.06.01
	Freehold	Leasehold		
Mayban Fortis Holdings Berhad *(Formerly known as Mayban Assurance Bhd)*				
Kuala Lumpur	-	2	3,197.83	64,333,296.00
Kedah Darul Aman	1	-	275.44	840,369.00
Pahang Darul Makmur	1	-	186.85	353,355.00
Perlis Indera Kayangan	-	1	130.73	168,584.00
Melaka	-	1	139.78	235,127.00
Sarawak	1	-	112.13	477,853.00
Selangor Darul Ehsan	-	2	287.66	1,110,111.00
Sabah	-	1	187.04	941,281.00
Mayban Discount Berhad				
Negeri Sembilan Darul Khusus	1	-	701.30	171,574.00
Pahang Darul Makmur	1	-	98.90	197,663.00
Aseambankers Malaysia Berhad				
Negeri Sembilan Darul Khusus	-	1	219.25	387,959.21
Pahang Darul Makmur	-	1	126.30	231,291.19
Pulau Pinang	2	-	204.20	404,953.40
Mayban Life Assurance Berhad				
Kuala Lumpur	-	1	4,531.27	97,361,978.46
Negeri Sembilan Darul Khusus	1	-	372.72	300,000.00
Mayban Securities Sdn Bhd				
Negeri Sembilan Darul Khusus	-	1	372.72	216,416.67
Mayban PB Holdings				
Kuala Lumpur	2	2	1,559.63	6,947,366.68
Johor Darul Takzim	2	1	372.15	2,555,047.75
Kedah Darul Aman	1	6	3,982.65	896,616.40
Pahang Darul Makmur	1	2	598.97	1,330,118.16
Perak Darul Ridzuan	1	1	862.86	3,036,217.29
Pulau Pinang	1	-	448.60	1,046,530.39
Sabah	1	2	638.60	2,132,613.00
Sarawak	-	1	315.88	1,184,619.45
Selangor Darul Ehsan	3	2	2,004.67	8,250,851.39

ANALYSIS OF SHAREHOLDINGS AS AT AUGUST 13, 2001

Authorised Share Capital	:	4,000,000,000
Paid-Up Share Capital	:	2,354,663,414
Class of Shares	:	Ordinary Share of RM 1 each
Voting Right	:	1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Less than 1,000	5,962	21.13	2,245,578	0.09
1,000 - 10,000	18,363	65.09	54,810,872	2.33
10,001 - 100,000	3,051	10.81	96,662,505	4.11
100,001 to less than 5% of issued shares	831	2.95	750,491,425	31.87
5% and above of issued shares	7	0.02	1,450,453,034	61.60
Total	28,214	100.00	2,354,663,414	100.00

Substantial Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Shares
1	Amanah Raya Nominees Tempatan Sdn Bhd (Skim Amanah Saham Bumiputera)	609,507,383	25.89
2	Permodalan Nasional Berhad	528,327,391	22.44
3	Employees Provident Fund Board	191,360,566	8.13
4	Khazanah Nasional Berhad	120,084,200	5.10

Top Thirty Shareholders

No.	Name of Shareholders	No. of Shares Held	% of Shares
1	Amanah Raya Nominees Tempatan Sdn Bhd (Skim Amanah Saham Bumiputera)	609,507,383	25.89
2	Permodalan Nasional Berhad	528,327,391	22.44
3	Employees Provident Fund Board	191,360,566	8.13
4	Khazanah Nasional Berhad	120,084,200	5.10
5	Lembaga Kemajuan Tanah Persekutuan Felda	67,671,150	2.87
6	Amanah Raya Nominees Tempatan Sdn Bhd (Amanah Saham Malaysia)	61,332,600	2.60
7	Amanah Raya Nominees Tempatan Sdn Bhd (Amanah Saham Wawasan 2020)	30,399,600	1.29
8	Amanah Raya Nominees Tempatan Sdn Bhd (Sekim Amanah Saham Nasional)	28,147,600	1.20
9	Malaysia Nominees Tempatan Sendirian Berhad (Great Eastern Life Assurance Malaysia Berhad MLF)	19,784,400	0.84
10	Chase Malaysia Nominees Asing Sdn Bhd (Emerging Markets Growth Fund)	17,593,700	0.75
11	Chase Malaysia Nominees Asing Sdn Bhd (Abu Dhabi Investment Authority)	14,258,840	0.61
12	Pertubuhan Keselamatan Sosial	12,128,300	0.52
13	Botly Nominees Asing Sdn Bhd (Fleet Investments Management Limited)	12,094,200	0.51
14	Bank Simpanan Nasional	10,151,000	0.43
15	Tasec Nominees Asing Sdn Bhd (TA Securities HK Ltd For Delroy Investment Holdings Limited)	8,574,600	0.36
16	Tasec Nominees Asing Sdn Bhd (TA Securities HK Ltd For Jeffrey Smith)	7,590,000	0.32
17	Kumpulan Wang Amanah Pencen	7,560,400	0.32
18	Kumpulan Wang Amanah Pencen	6,628,200	0.28
19	Kumpulan Wang Amanah Pencen	6,498,800	0.28
20	HDM Nominees Asing Sdn Bhd (Lim & Tan Securities Pte Ltd For Topview Holdings Limited)	6,254,600	0.27
21	Bank Simpanan Nasional	5,284,000	0.22
22	Chase Malaysia Nominees Asing Sdn Bhd (IBJ Bank & Trust Company For The Schroder Pacific Emerging Markets Fund)	5,192,700	0.22
23	Kumpulan Wang Amanah Pencen	5,167,800	0.22
24	HSBC Nominees Asing Sdn Bhd (HSBC BK PLC For Prudential Assurance Co Ltd)	5,098,000	0.22
25	Tasec Nominees Asing Sdn Bhd (TA Securities HK Ltd For Chesi Assets Limited)	4,928,800	0.21
26	Kumpulan Wang Amanah Pencen	4,690,000	0.20
27	Kumpulan Wang Amanah Pencen	4,573,800	0.19
28	Chase Malaysia Nominees Asing Sdn Bhd (Allied Dunbar Assurance Public Limited Company)	4,302,100	0.18
29	Kumpulan Wang Amanah Pencen	4,211,800	0.18
30	Chase Malaysia Nominees Asing Sdn Bhd (Stichting Pensioenfonds ABP)	4,093,400	0.17
	Total	1,813,489,930	77.02

CHANGES IN SHARE CAPITAL

Authorised Share Capital

The present authorised share capital of the Bank is RM4,000,000,000 divided into 4,000,000,000 ordinary shares of RM1.00 each. Detail of changes in its authorised share capital since its incorporation are as follows:

Date	Increase in Authorised Share Capital	Total Authorised Share Capital
31/05/1960	20,000,000	20,000,000
06/09/1962	30,000,000	50,000,000
09/04/1977	150,000,000	200,000,000
17/01/1981	300,000,000	500,000,000
06/10/1990	500,000,000	1,000,000,000
09/10/1993	1,000,000,000	2,000,000,000
19/06/1998	2,000,000,000	4,000,000,000

Issued And Paid-Up Share Capital

Details of changes in the Bank's issued and paid-up share capital since its incorporation are as follows:

Date of Allotment	No. of Ordinary Shares Allotted	Par Value RM	Consideration	Resultant Total Issued and Paid-Up Capital RM'000
31-05-1960	1,500,000	5.00	Cash	7,500,000
18-05-1961	500,000	5.00	Cash	10,000,000
31-05-1962	1,000,000	5.00	Rights Issue (1:2) at RM7.00 per share	15,000,000
21-08-1968	1,500,000	5.00	Rights Issue (1:2) at RM7.00 per share	22,500,000
04-01-1971	22,500,000	1.00*	Rights Issue (1:1) at RM1.50 per share	45,000,000
06-05-1977	15,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	60,000,000
23-06-1977	30,000,000	1.00	Rights Issue (1:2) at RM3.00 Per share	90,000,000
21-02-1981	30,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:3)	120,000,000
10-04-1981	60,000,000	1.00	Rights Issue (1:2) at RM4.00 per share	180,000,000
14-11-1984	45,000,000	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:4)	225,000,000
28-12-1984	45,000,000	1.00	Rights Issue (1:4) at RM6.00 per share	270,000,000
30-11-1985	68,249	1.00	Conversion of Unsecured Notes	270,068,249
15-11-1986	9,199,999	1.00	Issued in exchange for purchase of Kota Discount Berhad (now known as Mayban Discount Berhad)	279,268,248
01-12-1986	10,550	1.00	Conversion of Unsecured Notes	279,278,798
29-07-1987 to 20-10-1987	90,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	279,368,798
30-11-1987	11,916	1.00	Conversion of Unsecured Notes	279,380,714
08-06-1988	27,938,071	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:10)	307,318,785
30-11-1988	10,725	1.00	Conversion of Unsecured Notes	307,329,510
16-03-1989 to 21-06-1989	9,198,206	1.00	Exchange for Kwong Yik Bank Berhad ("KYBB") shares	316,527,716
11-07-1989 to 23-11-1989	7,555,900	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	324,083,616
30-11-1989	46,174,316	1.00	Conversion of Unsecured Notes	370,257,932
01-12-1989 to 24-10-1990	4,508,900	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	374,766,832
16-11-1990	187,383,416	1.00	Capitalisation of Share Premium Bonus Issue (1:2)	562,150,248
27-11-1990	11,500	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	562,161,798
30-11-1990	280,497	1.00	Conversion of Unsecured Notes	562,442,295
03-01-1991	3,300	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	562,445,595
03-01-1991	188,991,002	1.00	Rights Issue (1:2) at RM5.00 per share	751,436,597
04-01-1991	4,950	1.00	Rights Issue (1:2) upon ESOS at RM5.00 per share	751,441,547
25-01-1991 to 28-11-1991	726,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	752,167,547
30-11-1991	35,197	1.00	Conversion of Unsecured Notes	752,202,744
11-12-1991 to 20-05-1992	5,566.00	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	757,768,744
30-11-1992 to 30-11-1993	3,153,442	1.00	Conversion of Unsecured Notes	760,922,186
18-01-1994	380,461,093	1.00	Capitalisation of Share Premium Account (Bonus Issue 1:2)	1,141,383,279
29-12-1994	2,030,428	1.00	Conversion of Unsecured Notes	1,143,413,707
19-06-1998	1,143,413,707	1.00	Capitalisation of Share Premium and Retained Profit Account (Bonus Issue 1:1)	2,286,827,414
11-09-1998 to 31-07-2001	67,836,000	1.00	Exercise of Employees' Share Option Scheme ("ESOS")	2,354,663,414

** The par value of the Bank's shares was changed from RM5.00 to RM1.00 on November 25, 1968.*

Some things in life are very precious. For Ling Gin, it's quality time with her little girl, be with her throughout her growing years. Ling Gin would not sacrifice it for anything.

We understand. Hence we believe things like paying your monthly bills shouldn't be a hassle for you, and take up so much precious time from you.

Not anymore.

That is why we developed **MayBank2u.com's Online Bill Payment** service, so that people like Ling Gin and you, can have more time to spend on the more important things, and paying your monthly bills should not be one of them.

With a click of the mouse, you will have your transactions done in no time. No more queues. No more traffic jams. No more hassles. And you can do it 24 hours a day, 7 days a week. Anytime. Anywhere.

You can now pay your Telekom, Tenaga, Maxis, Astro, credit cards... and hundreds of other bills online, all in one place. And with more partners joining us, you can be assured that paying your bills will be even more convenient.

Like Ling Gin, the time you save can be better spent on the more important things in life.

Maybank2u.com PayBills™ making every moment count

So many people have used it. Have u?

www. Maybank 2u.com online bill payment.
making every moment count

Notice Of The 41st Annual General Meeting

*NOTICE IS HEREBY GIVEN THAT the **41st Annual General Meeting** (AGM) of the Shareholders of Malayan Banking Berhad (3813-K) (Maybank) will be held at the 51st Floor, Menara Maybank, 100 Jalan Tun Perak, 50050 Kuala Lumpur on Thursday, September 27, 2001 at 10.30 a.m. for the purpose of transacting the following Business:*

As Ordinary Business

1 To receive the Reports of the Directors and Auditors and the Statutory Financial Statements for the Year ended June 30, 2001. **Resolution 1**

2 To declare a final dividend of 7.0 sen per share less 28% income tax as recommended by the Board. **Resolution 2**

3 To re-elect the following directors who are retiring by rotation in accordance with Article 96 of the Articles of Association of Maybank and being eligible have offered themselves for re-election:

i) Mohammad bin Abdullah **Resolution 3**
ii) Dato' Mohd Hilmey bin Mohd Taib **Resolution 4**
iii) Teh Soon Poh **Resolution 5**

4 To re-elect Dato' Mohammed Hussein who is retiring in accordance with Article 100 of the Articles of Association of Maybank and being eligible has offered himself for re-election. **Resolution 6**

5 To consider and if thought fit, pass the following Resolution in accordance with Section 129 (6) of the Companies Act, 1965: **Resolution 7**

"That Dato' Richard Ho Ung Hun retiring in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed a director of the Company to hold office until the next Annual General Meeting."

6 To approve the payment of Directors' Fees in respect of the Year ended June 30, 2001. **Resolution 8**

7 To re-appoint Messrs Arthur Andersen & Co. as Auditors to hold office until the conclusion of the next AGM in the year 2002 and to authorise the Board to fix their remuneration **Resolution 9**

As Special Business

8 To consider and if thought fit, to pass the following Ordinary Resolution: **Resolution 10**

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and they are hereby authorised to issue shares in the Company at anytime until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10 per centum of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant Regulatory Authorities being obtained for such issue and allotment."

By Order of the Board,

DATIN SHAFNI AHMAD RAMLI
LS01058
Company Secretary

Kuala Lumpur
September 6, 2001

Notes

1 A Member entitled to attend and vote at the 41st AGM is entitled to appoint a proxy to attend and, on a show of hands or on a poll, to vote instead of him. A proxy shall be a Member of the Company, an Advocate, an approved Company Auditor or a person approved by the Registrar of Companies.

2 Form of Proxy of a corporation shall be given under its Common Seal.

3 Duly completed Form of Proxy must be deposited at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM.

4 For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.

5 For scripless, only members registered in the Record of Depositors on or before 12.30p.m. on September 21, 2001 shall be eligible to attend the AGM.

6 **Note On Special Business**
The proposed Ordinary Resolution 10 if passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next AGM of the Company.

7 **Kuala Lumpur Stock Exchange (KLSE) Listing Requirements**
Pursuant to Paragraph 8.28(2) of the KLSE Listing Requirements, appended hereunder are:

7.1 Details of Directors standing for re-election as in Agenda 3, 4 and 5 of the Notice of the AGM as follows:

Mohammad bin Abdullah ***(60 years of age - Malaysian)***
Member of MACPA and Member of MIA
- Independent Non-Executive Director
- Served in Coopers & Lybrand Malaysia as Chairman prior to his retirement in 1995
- Appointed to the Board of Maybank as Director on January 11, 1995. Other directorships include Mayban Discount Bhd, Maybank (PNG) Ltd, Mayban Finance Bhd, Maybank International (L) Ltd, Anfin Bhd (formerly known as Amanah Finance Malaysia Bhd), Labuan Reinsurance (L) Ltd, The Malaysia Equity Fund Ltd, Negara Properties (M) Berhad, Golden Hope Plantations Berhad and Malaysian National Reinsurance Bhd
- Does not hold any shares, directly or indirectly, in Maybank or any of its subsidiaries
- No family relationship with any Director and/or major shareholder of Maybank
- No conflict of interest with Maybank
- Has never been charged for any offence

Dato' Mohd Hilmey bin Mohd Taib ***(48 years of age - Malaysian)***
MBA (UK), Member of MIA, Bachelor of Econs (Hons) Accounting and Diploma in Accounting
- Non-Executive Director
- Currently is the Executive Chairman of HeiTech Padu Bhd
- Appointed to the Board of Maybank as Director on March 27, 1995. Other directorships include Maybank Philippines Incorporated and PhileoAllied Securities (Philippines) Incorporated
- Does not hold any shares, directly or indirectly, in Maybank or any of its subsidiaries
- No family relationship with any Director and is a nominee of the major shareholder of Maybank
- No conflict of interest with Maybank
- Has never been charged for any offence

Teh Soon Poh ***(65 years of age - Malaysian)***
Barrister at Law (Middle Temple)
- Independent Non-Executive Director
- Former General Manager of Credit Control Division of Maybank prior to retirement in 1992
- Appointed to the Board of Maybank as Director on October 21, 1997. Other directorships include Mayban Property Trust Management Bhd, Mayban Finance Bhd, Mayban Trustees Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, Anfin Bhd, Sifin Bhd (formerly known as SimeFinance Bhd), PhileoAllied Trustee Bhd and Aseambankers Malaysia Bhd
- Holds 3,504 shares, directly in Maybank, however does not hold shares in any of its subsidiaries
- No family relationship with any Director and/or major shareholder of Maybank
- No conflict of interest with Maybank
- Has never been charged for any offence

Dato' Mohammed Hussein ***(51 years of age - Malaysian)***
B.Econs (Hons)
- Currently the Executive Director
- Appointed to the Board of Maybank as Director on November 1, 2000. Other directorships include Mayban Discount Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, PT Bank Maybank Indocorp (formerly known as PT BANK MAYBANK NUSA INTERNATIONAL), PhiloeAllied Bank (Malaysia) Bhd, PhileoAllied Securities, (Hongkong) Ltd and Malaysian Industrial Development Finance Bhd
- Holds 1,600 shares directly in Maybank and 122,000 unexercised options under the Maybank Group Employee Share Option Scheme, however does not hold any shares, directly or indirectly, in any of its subsidiaries
- No family relationship with any Director and/or major shareholder of Maybank
- No conflict of interest with Maybank
- Has never been charged for any offence

Dato' Richard Ho Ung Hun ***(74 years of age - Malaysian)***
Barrister at Law (Lincoln's Inn)
- Independent Non-Executive Director
- He was a Member of Parliament from 1969 to 1982 and was appointed as Deputy Minister of Road Transport in 1974 and was subsequently appointed as Deputy Minister of Finance in 1976. In 1978, he was appointed Minister without Portfolio in the Prime Minister's Department and subsequently Minister of Labour and Manpower in the same year
- Appointed to the Board of Maybank as Director on January 27, 1983. Other Directorship include Mayban Finance Bhd, Mayban Management Bhd, Aseamlease Bhd, Mayban Trustees Bhd, Aseambankers Malaysia Bhd, Mayban International Trust (Labuan) Bhd, Maybank International (L) Ltd, Anfin Bhd, DMIB Bhd and Pengurusan Danaharta Nasional Bhd,
- Does not hold any shares, directly or indirectly, in Maybank or any of its subsidiaries
- No family relationship with any Director and/or major shareholder of Maybank
- Has a Tenancy Agreement with Maybank to rent a unit of four-storey shophouse to be used as branch premises
- Has never been charged for any offence

7.2 Details of attendance at Board Meetings held in the Financial Year Ended June 30, 2001 as follows: (Total of 21 meetings held)

Name of Director	Date of Appointment	No. of Meetings Attended
Tan Sri Mohamed Basir bin Ahmad	October 9, 1993	19/21
Dato' Richard Ho Ung Hun	January 27, 1983	21/21
Datuk Amirsham A Aziz	May 1, 1994	19/21
Raja Tan Sri Muhammad Alias bin Raja Muhd. Ali	March 31, 1978	19/21
Mohammad bin Abdullah	January 11, 1995	21/21
Dato' Mohd Hilmey bin Mohd Taib	March 27, 1995	19/21
Haji Mohd Hashir bin Haji Abdullah	November 7, 1996	21/21
Dato' Ismail Shahudin	September 16, 1997	20/21
Teh Soon Poh	October 21, 1997	20/21
Datuk Abdul Rahman bin Mohd Ramli	November 17, 1999	21/21
Dato' Mohammed Hussein	November 1, 2000	14/14

7.3 Details of place, date and hour of Board Meetings held in the Financial Year as follows:

Date	Hour	Place
12/07/00*	2.30 pm	Kuala Lumpur
27/07/00	10.00 am	Kuala Lumpur
14/08/00*	2.00 pm	Kuala Lumpur
21/08/00*	5.30 pm	Kuala Lumpur
28/08/00*	4.30 pm	Kuala Lumpur
30/08/00	2.30 pm	Kuala Lumpur
18/09/00	2.30 pm	Kuala Lumpur
03/11/00	9.10 am	Penang
03/11/00*	4.45 pm	Penang
30/11/00	10.00 am	Kuala Lumpur
12/12/00*	8.43 am	Kuala Lumpur
22/12/00	9.00 am	Kuala Lumpur
29/01/01	10.00 am	Kuala Lumpur
13/02/01*	4.30 pm	Kuala Lumpur
28/02/01	10.00 am	Kuala Lumpur
30/03/01	9.00 am	Shanghai
02/04/01*	2.30 pm	Kuala Lumpur
26/04/01	9.10 am	Kuala Lumpur
10/05/01*	4.30 pm	Kuala Lumpur
21/05/01	9.00 am	Kuching
28/06/01	9.00 am	Kuala Lumpur

* Special Board Meetings

Closure Of Books

Subject to the approvals of the Shareholders at the 41st AGM, a final dividend of 7.0 sen per share less 28% income tax will be paid on October 12, 2001 to Shareholders registered in the Register of Members at the close of business on September 28, 2001.

Notice is hereby given that the Register of Members will be closed from September 29, 2001 to September 30, 2001 for the determination of shareholders' entitlements to the final dividend.

A Depositor shall qualify for the entitlements to the final dividend only in respect of:

a Shares transferred to the Depositors' Securities Accounts in respect of ordinary transfers before 12.30 p.m. on September 28, 2001.

b Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

All the good things in life
now come in
one account.

Malayan Banking Berhad (3813-K)

Going on holiday especially with the family can get a little stressful. With so many things to organize and purchase, it's good if you can rely on a bank account that gives you the convenience of completing all your transactions through one account. The Maybank Premier 1 Account is the account that fits the bill perfectly. A combination of the savings and current accounts it comes with a host of time-saving conveniences and more cash through a multi-tiered interest feature. More money for the holiday? Certainly! The good things in life. Courtesy of Maybank Premier 1.

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The Benefits and Conveniences of the Maybank Premier 1 Account:
• High multi-tiered monthly interest • Free P.A. Insurance coverage of up to RM50,000 • Free medical expenses claim (accident related) of up to RM3,000 • Internet Banking via maybank2u.com • Cash Award for Academic Excellence • Maybank Premier 1 Trust Account • Payment Conveniences & cashless shopping ( ) • Credit card & OD facility for eligible customers and many more...**You can also opt for the Islamic Banking Premier Mudharabah Account.**

Maybank
making every moment count
Premier 1

FORM OF PROXY FOR THE 41ST ANNUAL GENERAL MEETING

I/We _____
(Full name in capital)

of _____
(Full address)

being a Member/Members of Malayan Banking Berhad (3813-K), hereby appoint

_____
(Full name in capital)

_____
(Full address)

or failing him/her _____
(Full name in capital)

of _____
(Full address)

as my/our proxy to vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held on Thursday, 27 September, 2001 at 10.30 a.m. and at any adjournment thereof.

My/our proxy is to vote on the Resolutions as indicated by an "X" in the appropriate spaces below. If this form is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstain as he/she thinks fit.

Resolution No.	Resolution	For	Against
1	**Receive the Reports and Accounts**		
2	**Declaration of Final Dividend**		
3	**Re-election of Mohammad bin Abdullah**		
4	**Re-election of Dato' Mohd Hilmey bin Mohd Taib**		
5	**Re-election of Teh Soon Poh**		
6	**Re-election of Dato' Mohammed Hussein**		
7	**Re-appointment of Dato' Richard Ho Ung Hun**		
8	**Approve Directors' Fees**		
9	**Re-appointment of Messrs Arthur Andersen & Co. as Auditors**		
10	**Authority under S132 D of the Companies Act, 1965 for the Directors to issue shares**		

Dated this _____ day of September, 2001

Number of Shares held	
Telephone No.	

_____
Signature of Shareholder

NOTES:

1 A Member entitled to attend and vote at the 41st AGM is entitled to appoint a proxy to attend and, on a show of hands or on a poll, to vote instead of him. A proxy shall be a Member of the Company, an Advocate, an approved Company Auditor or a person approved by the Registrar of Companies.

2 Form of Proxy of a corporation shall be given under its Common Seal.

3 Duly completed Form of Proxy must be deposited at 14th Floor, Menara Maybank, 100, Jalan Tun Perak, 50050 Kuala Lumpur, not less than forty-eight (48) hours before the time fixed for the AGM.

4 For a Form of Proxy executed outside Malaysia, the signature must be attested by a Solicitor, Notary Public, Consul or Magistrate.

5 For scripless, only members registered in the record of Depositors on or before 12.30 p.m. on September 21, 2001 shall be eligible to attend the AGM.

Stamp

Corporate Services Department
Maybank
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

Maybank

Malayan Banking Berhad (3813-K)

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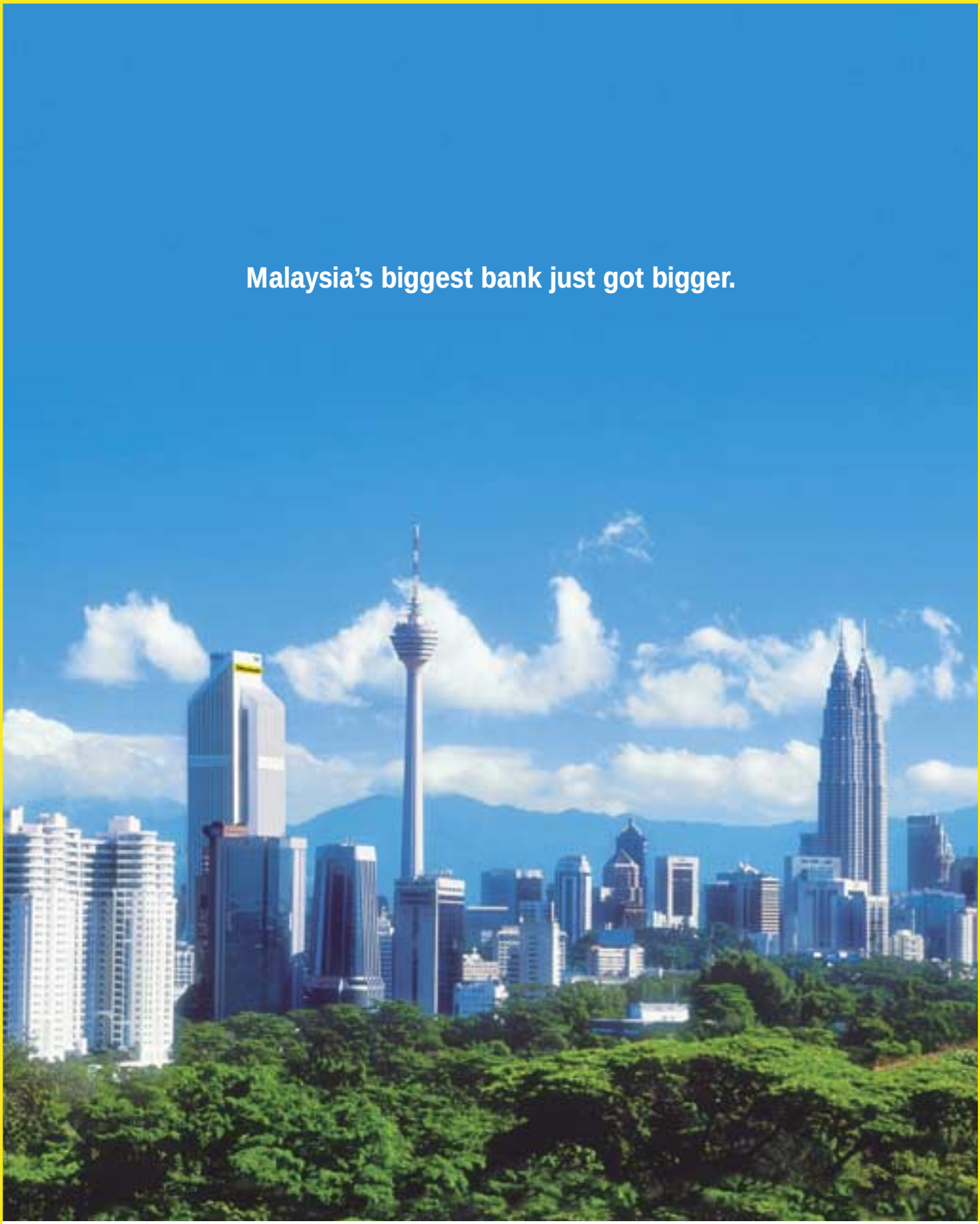

Pacific Bank and PhileoAllied Bank are now fully integrated with Maybank.

The integration between Pacific Bank and PhileoAllied Bank with Maybank is now complete. Malaysia's biggest bank now has an even larger network of branches, ATMs and e-Kawanku outlets. Plus, a wider range of banking products and services. Including, of course, the convenience of Maybank2u.com, our internet banking service. Maybank. Now bigger to serve you even better.

Maybank

Malayan Banking Berhad (3813-K)